

HOUSE OF REPRESENTATIVES—Wednesday, September 19, 1979

The House met at 11 a.m.
The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

So faith, hope, love abide, these three, but the greatest of these is love.—I Corinthians 13: 13.

O Lord God, from whom we receive every good gift, we thank You for all the blessings of life. We offer our praise that You minister to us in the depths of our hearts; forgive us where we have missed the mark, give us strength when we are weak, and ever give us hope and vision for tasks ahead.

Above all we pray for the gift of love among all peoples. We acknowledge that You have first loved us and shown compassion to us. May we reach out to others in that same spirit of love and thus demonstrate more clearly the unity and the beauty of Your creation.

In the name of the Lord, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MURTHA. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MURTHA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 388, nays 10, answered "present" 3, not voting 33, as follows:

[Roll No. 480]

YEAS—388

Abdnor	Ashley	Bereuter
Addabbo	Aspin	Bethune
Akaka	Atkinson	Bevill
Albosta	AuCoin	Blaggi
Alexander	Bafalis	Bingham
Ambro	Bailley	Blanchard
Anderson,	Baldus	Boggs
Calif.	Barnard	Bolling
Andrews, N.C.	Barnes	Boner
Andrews,	Bauman	Bonior
N. Dak.	Beard, R.I.	Bonker
Annuizio	Beard, Tenn.	Bouquard
Anthony	Bedell	Bowen
Archer	Benjamin	Brademas
Ashbrook	Bennett	Breaux

Brodhead	Fuqua	Lott
Brooks	Garcla	Lowry
Broomfield	Gaydos	Lujan
Brown, Calif.	Gephardt	Luken
Brown, Ohio	Gialmo	Lundine
Buchanan	Gibbons	Lungren
Burgener	Gilman	McClory
Burrlison	Gingrich	McCloskey
Byron	Ginn	McCormack
Campbell	Glickman	McDade
Carney	Gonzalez	McDonald
Carr	Goodling	McEwen
Cavanaugh	Gore	McHugh
Chappell	Gradison	McKay
Cheney	Gramm	Madigan
Chisholm	Grassley	Maguire
Clausen	Green	Markley
Clay	Grisham	Marlenee
Cleveland	Guarini	Marriott
Clinger	Gudger	Martin
Coelho	Guyer	Mathis
Coleman	Hall, Ohio	Matsui
Collins, Ill.	Hall, Tex.	Mattox
Collins, Tex.	Hamilton	Mavroules
Conable	Hammer-	Mazzoli
Conte	schmidt	Mica
Corcoran	Hance	Michel
Corman	Hanley	Mikulski
Cotter	Hansen	Miller, Calif.
Coughlin	Harkin	Miller, Ohio
Courter	Harris	Mineta
Crane, Daniel	Harsha	Minish
Crane, Philip	Hawkins	Mitchell, N.Y.
D'Amours	Heckler	Moakley
Daniel, Dan	Hefner	Montgomery
Daniel, R. W.	Heftel	Moore
Danielson	Hightower	Moorhead,
Dannemeyer	Hillis	Calif.
Daschle	Hinson	Moorhead, Pa.
Davis, Mich.	Holland	Mottl
Davis, S.C.	Hollenbeck	Murphy, Ill.
de la Garza	Holt	Murphy, N.Y.
Deckard	Holtzman	Murphy, Pa.
Dellums	Hopkins	Murtha
Derrick	Horton	Myers, Ind.
Devine	Hubbard	Myers, Pa.
Dickinson	Huckaby	Natcher
Dicks	Hughes	Nedzi
Dixon	Hutto	Nelson
Dodd	Hyde	Nichols
Donnelly	Ichord	Noian
Dornan	Ireland	Nowak
Dougherty	Jeffords	O'Brien
Drinan	Jeffries	Oaker
Duncan, Tenn.	Jenkins	Oberstar
Early	Johnson, Calif.	Obey
Eckhardt	Johnson, Colo.	Ottlinger
Edgar	Jones, N.C.	Panetta
Edwards, Ala.	Jones, Okla.	Pashayan
Edwards, Okla.	Jones, Tenn.	Patten
Emery	Kastenmeier	Patterson
English	Kazen	Paul
Erdahl	Kemp	Pease
Erlenborn	Kildee	Pepper
Ertel	Kindness	Perkins
Evans, Del.	Kogovsek	Petri
Evans, Ga.	Kostmayer	Peyser
Evans, Ind.	Kramer	Preyer
Fary	LaFalce	Price
Fascell	Lagomarsino	Pritchard
Fazio	Latta	Quillen
Fenwick	Leach, Iowa	Rahall
Ferraro	Leach, La.	Rallsback
Findley	Leath, Tex.	Rangel
Fish	Lederer	Ratchford
Fisher	Lee	Regula
Fithian	Lehman	Reuss
Flippp	Leland	Rhodes
Florio	Lent	Richmond
Foley	Levitas	Rinaldo
Ford, Mich.	Lewis	Ritter
Ford, Tenn.	Livingston	Roberts
Fountain	Loeffler	Robinson
Fowler	Long, La.	Rodino
Frost	Long, Md.	Roe

Rose	Spellman	Volkmer
Rosenthal	Spence	Walgren
Rostenkowski	St Germain	Walker
Roth	Stack	Wampler
Rousselot	Staggers	Watkins
Roybal	Stangeland	Waxman
Royer	Stanton	Weiss
Rudd	Stark	White
Russo	Steed	Whitehurst
Sabo	Stenholm	Whitley
Santini	Stewart	Whittaker
Satterfield	Stockman	Whitten
Sawyer	Stokes	Williams, Mont.
Scheuer	Stratton	Williams, Ohio
Schulze	Studds	Wilson, C. H.
Sebellus	Stump	Wilson, Tex.
Seiberling	Swift	Wirth
Sensenbrenner	Symms	Wolf
Shannon	Synar	Wolpe
Shelby	Tauke	Wright
Shumway	Taylor	Wyatt
Shuster	Thomas	Wyder
Simon	Thompson	Wylie
Skelton	Traxler	Yates
Slack	Trible	Yatron
Smith, Iowa	Udall	Young, Alaska
Smith, Nebr.	Ullman	Young, Fla.
Snowe	Van Deerlin	Young, Mo.
Snyder	Vander Jagt	Zablocki
Solarz	Vanik	Zeferetti
Solomon	Vento	

NAYS—10

Derwinski	Lloyd	Schroeder
Gray	Mitchell, Md.	Wilson, Bob
Jacobs	Mollohan	
Jenrette	Quayle	

ANSWERED "PRESENT"—3

Edwards, Calif.	Forsythe	Neal
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NOT VOTING—33

Anderson, Ill.	Conyers	McKinney
Applegate	Diggs	Marks
Badham	Dingell	Mikva
Bellenson	Downey	Moffett
Boland	Duncan, Oreg.	Pickle
Brinkley	Flood	Pursell
Broyhill	Frenzel	Runnels
Burton, John	Goldwater	Sharp
Burton, Phillip	Hagedorn	Treen
Butler	Howard	Weaver
Carter	Kelly	Winn

□ 1120

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a resolution of the following title:

S. Res. 236

Resolved, That the Senate disapproves of the regulations proposed by the Federal Election Commission relating to the funding and sponsorship of candidate debates, submitted to the Senate pursuant to section 315 (c) of the Federal Election Campaign Act of 1971, and received by the Senate on July 2, 1979.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

□ This symbol represents the time of day during the House Proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

S. 330. An act to amend title 38, United States Code, to establish certain procedures for the adjudication of claims for benefits under laws administered by the Veterans' Administration; to apply the provisions of section 553 to title 5, United States Code, to rulemaking procedures of the Veterans' Administration; to provide for judicial review of certain final decisions of the Administrator of Veterans' Affairs; to provide for the payment of reasonable fees to attorneys for rendering legal representation to individuals claiming benefits under laws administered by the Veterans' Administration; and for other purposes; and

S.J. Res. 90. Joint resolution to provide for the designation of a week as "National Recreation and Parks Week."

RECESS

The SPEAKER. Pursuant to the authority granted to the Chair on September 18, 1979, the House will stand in a brief recess while the Chamber is being prepared for the official photograph. The House will be in order when the photographs are taken. Members will please face the cameras. There will be about 10 flashes of the strobe lights, and the process will take about 10 minutes. About 5 minutes after that, we will go back into the House with the business of the House.

The Chair declares a recess.

Accordingly (at 11 o'clock and 23 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 1130

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 11 o'clock and 31 minutes a.m.

RESIGNATION AS FLOOR ASSISTANT TO MINORITY LEADER OF HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following resignation as floor assistant to the minority leader of the House of Representatives:

REPUBLICAN POLICY COMMITTEE,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., September 17, 1979.
Hon. THOMAS P. O'NEILL,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I, Charles Leppert, Jr., do hereby submit my resignation as a Floor Assistant to the Minority Leader of the U.S. House of Representatives, pursuant to House Resolution Number 6, adopted, January 15, 1979, to be effective October 1, 1979.

Mr. Speaker, it has been a high honor and privilege to serve you as Speaker and the Members of Congress in the discharge of my responsibilities.

Sincerely,

CHARLES LEPPERT, JR.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

DESIGNATING AND PROVIDING COMPENSATION FOR A MINORITY EMPLOYEE

Mr. RHODES. Mr. Speaker, I offer a privileged resolution (H. Res. 410) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 410

Resolved, That pursuant to the Legislative Pay Act of 1929, as amended, the sixth of the minority employees authorized therein shall be Edward R. Hamberger, effective October 1, 1979, until otherwise ordered by the House, to receive gross compensation pursuant to the provisions of House Resolution 119, Ninety-Fifth Congress, as enacted into permanent law by section 115 of Public Law 95-94.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT THURSDAY, SEPTEMBER 20, 1979, TO FILE PRIVILEGED REPORT ON BILL MAKING APPROPRIATIONS FOR DEPARTMENT OF DEFENSE FOR FISCAL YEAR 1980

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a privileged report on the bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CONFERENCE REPORT ON S. 237, FEDERAL MAGISTRATE ACT OF 1979

Mr. KASTENMEIER submitted the following conference report and statement on the Senate bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 96-444)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Federal Magistrate Act of 1979".

SEC. 2. Section 636 of title 28, United States Code, is amended—

(1) by redesignating subsections (c) through (f) thereof as subsections (d) through (g), respectively; and

(2) by inserting immediately after subsection (b) thereof the following new subsection:

"(c) Notwithstanding any provision of law to the contrary—

"(1) Upon the consent of the parties, a full-time United States magistrate or a part-time United States magistrate who serves as a full-time judicial officer may conduct any

or all proceedings in a jury or nonjury civil matter and order the entry of judgment in the case, when specially designated to exercise such jurisdiction by the district court or courts he serves. Upon the consent of the parties, pursuant to their specific written request, any other part-time magistrate may exercise such jurisdiction, if such magistrate meets the bar membership requirements set forth in section 631(b)(1) and the chief judge of the district court certifies that a full-time magistrate is not reasonably available in accordance with guidelines established by the judicial council of the circuit. When there is more than one judge of a district court, designation under this paragraph shall be by the concurrence of a majority of all the judges of such district court, and when there is no such concurrence, then by the chief judge.

"(2) If a magistrate is designated to exercise civil jurisdiction under paragraph (1) of this subsection, the clerk of court shall, at the time the action is filed, notify the parties of their right to consent to the exercise of such jurisdiction. The decision of the parties shall be communicated to the clerk of court. Thereafter, neither the district judge nor the magistrate shall attempt to persuade or induce any party to consent to reference of any civil matter to a magistrate. Rules of court for the reference of civil matters to magistrates shall include procedures to protect the voluntariness of the parties' consent.

"(3) Upon entry of judgment in any case referred under paragraph (1) of this subsection, an aggrieved party may appeal directly to the appropriate United States court of appeals from the judgment of the magistrate in the same manner as an appeal from any other judgment of a district court. In this circumstance, the consent of the parties allows a magistrate designated to exercise civil jurisdiction under paragraph (1) of this subsection to direct the entry of a judgment of the district court in accordance with the Federal Rules of Civil Procedure. Nothing in this paragraph shall be construed as a limitation of any party's right to seek review by the Supreme Court of the United States.

"(4) Notwithstanding the provisions of paragraph (3) of this subsection, at the time of reference to a magistrate, the parties may further consent to appeal on the record to a judge of the district court in the same manner as on an appeal from a judgment of the district court to a court of appeals. Wherever possible the local rules of the district court and the rules promulgated by the conference shall endeavor to make such appeal expeditious and inexpensive. The district court may affirm, reverse, modify, or remand the magistrate's judgment.

"(5) Cases in the district courts under paragraph (4) of this subsection may be reviewed by the appropriate United States court of appeals upon petition for leave to appeal by a party stating specific objections to the judgment. Nothing in this paragraph shall be construed to be a limitation on any party's right to seek review by the Supreme Court of the United States.

"(6) The court may, for good cause shown on its own motion, or under extraordinary circumstances shown by any party, vacate a reference of a civil matter to a magistrate under this subsection.

"(7) The magistrate shall determine, taking into account the complexity of the particular matter referred to the magistrate, whether the record in the proceeding shall be taken, pursuant to section 753 of this title, by electronic sound recording means, by a court reporter appointed or employed by the court to take a verbatim record by shorthand or by mechanical means, or by an employee of the court designated by the court to take such a verbatim record. Notwithstanding the magistrate's determination, (A) the proceeding shall be taken down by a

court reporter if any party so requests, (B) the proceeding shall be recorded by a means other than a court reporter if all parties so agree, and (C) no record of the proceeding shall be made if all parties so agree. Reporters referred to in this paragraph may be transferred for temporary service in any district court of the judicial circuit for reporting proceedings under this subsection or for other reporting duties in such court."

Sec. 3. (a) Section 631(a) of title 28, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following: "Where the conference deems it desirable, a magistrate may be designated to serve in one or more districts adjoining the district for which he is appointed. Such a designation shall be made by the concurrence of a majority of the judges of each of the district courts involved and shall specify the duties to be performed by the magistrate in the adjoining district or districts."

(b) Section 631(b) of title 28, United States Code, is amended—

(1) by inserting "reappointment to" immediately after "appointed or";

(2) in paragraph (1), by inserting "and has been for at least 5 years," immediately after "He is"; and

(3) in paragraph (1), by inserting "or" at the end of subparagraph (A), by striking out "or" at the end of subparagraph (B), and by striking out subparagraph (C).

(c) Section 631(b) of title 28, United States Code, is amended—

(1) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "and"; and

(2) by adding at the end thereof the following new paragraph:

"(5) He is selected pursuant to standards and procedures promulgated by the Judicial Conference of the United States. Such standards and procedures shall contain provision for public notice of all vacancies in magistrate positions and for the establishment by the district courts of merit selection panels, composed of residents of the individual judicial districts, to assist the courts in identifying and recommending persons who are best qualified to fill such positions."

(d) Section 631 of title 28, United States Code, is amended—

(1) by redesignating subsections (f) through (j) thereof as subsections (g) through (k), respectively; and

(2) by inserting immediately after subsection (e) thereof the following new subsection:

"(f) Upon the expiration of his term, a magistrate may, by a majority vote of the judges of the appointing district court or courts and with the approval of the judicial council of the circuit, continue to perform the duties of his office until his successor is appointed, or for 60 days after the date of the expiration of the magistrate's term, whichever is earlier."

(e) The merit selection panels established under section 631(b)(5) of title 28, United States Code, in recommending persons to the district court, shall give due consideration to all qualified individuals, especially such groups as women, blacks, Hispanics, and other minorities.

(f) Magistrates serving prior to the promulgation of magistrate selection standards and procedures by the Judicial Conference of the United States may only exercise the jurisdiction conferred under the amendment made by section 2 of this act after having been reappointed under such standards and procedures or after having been certified as qualified to exercise such jurisdiction by the judicial council of the circuit in which the magistrate serves.

(g) The amendment made by subsection (c) of this section shall not take effect until 30 days after the meeting of the Judicial

Conference of the United States next following the effective date of this act.

Sec. 4. Section 633(c) of title 28, United States Code, is amended by striking out the final sentence.

Sec. 5. Section 604(d)(3) of title 28, United States Code, is amended by inserting immediately before the semicolon the following: "including (A) the number of matters in which the parties consented to the exercise of jurisdiction by a magistrate, (B) the number of appeals taken pursuant to the decisions of magistrates and the disposition of such appeals, and (C) the professional background and qualifications of individuals appointed under section 631 of this title to serve as magistrate."

Sec. 6. Section 1915(b) of title 28, United States Code, is amended to read as follows:

"(b) Upon the filing of an affidavit in accordance with subsection (a) of this section, the court may direct payment by the United States of the expenses of (1) printing the record on appeal in any civil or criminal case, if such printing is required by the appellate court; (2) preparing a transcript of proceedings before a United States magistrate in any civil or criminal case, if such transcript is required by the district court, in the case of proceedings conducted under section 636(b) of this title or under section 3401(b) of title 18, United States Code; and (3) printing the record on appeal if such printing is required by the appellate court, in the case of proceedings conducted pursuant to section 636(c) of this title. Such expenses shall be paid when authorized by the Director of the Administrative Office of the United States Courts."

Sec. 7. (a) Section 3401 of title 18, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) When specially designated to exercise such jurisdiction by the district court or courts he serves, any United States magistrate shall have jurisdiction to try persons accused of, and sentence persons convicted of, misdemeanors committed within that judicial district."

(2) by amending subsection (b) to read as follows:

"(b) Any person charged with a misdemeanor may elect, however, to be tried before a judge of the district court for the district in which the offense was committed. The magistrate shall carefully explain to the defendant that he has a right to trial, judgment, and sentencing by a judge of the district court and that he may have a right to trial by jury before a district judge or magistrate. The magistrate shall not proceed to try the case unless the defendant, after such explanation, files a written consent to be tried before the magistrate that specifically waives trial, judgment, and sentencing by a judge of the district court."

(3) by amending subsection (f) to read as follows:

"(f) The district court may order that proceedings in any misdemeanor case be conducted before a district judge rather than a United States magistrate upon the court's own motion or, for good cause shown, upon petition by the attorney for the Government. Such petition should note the novelty, importance, or complexity of the case, or other pertinent factors, and be filed in accordance with regulations promulgated by the Attorney General"; and

(4) by adding at the end thereof the following new subsections:

"(g) The magistrate may, in a case involving a youth offender in which consent to trial before a magistrate has been filed under subsection (b) of this section, impose sentence and exercise the other powers granted to the district court under chapter 402 and section 4216 of this title, except that—

"(1) the magistrate may not sentence the

youth offender to the custody of the Attorney General pursuant to such chapter for a period in excess of 1 year for conviction of a misdemeanor or 6 months for conviction of a petty offense;

"(2) such youth offender shall be released conditionally under supervision no later than 3 months before the expiration of the term imposed by the magistrate, and shall be discharged unconditionally on or before the expiration of the maximum sentence imposed; and

"(3) the magistrate may not suspend the imposition of sentence and place the youth offender on probation for a period in excess of 1 year for conviction of a misdemeanor or 6 months for conviction of a petty offense."

"(h) The magistrate may, in a petty offense case involving a juvenile in which consent to trial before a magistrate has been filed under subsection (b) of this section, exercise all powers granted to the district court under chapter 403 of this title. For purposes of this subsection, proceedings under chapter 403 of this title may be instituted against a juvenile by a violation notice or complaint, except that no such case may proceed unless the certification referred to in section 5032 of this title has been filed in open court at the arraignment. No term of imprisonment shall be imposed by the magistrate in any such case."

(b) The heading for section 3401 of title 18, United States Code, is amended by striking out "Minor offenses" and inserting in lieu thereof "Misdemeanors".

(c) The item relating to section 3401 in the table of sections of chapter 219 of title 18, United States Code, is amended by striking out "Minor offenses" and inserting in lieu thereof "Misdemeanors".

Sec. 8. (a) The first sentence of section 635(a) of title 28, United States Code, is amended by inserting after "including" the following: "the compensation of such legal assistants as the Judicial Conference, on the basis of the recommendations of the judicial councils of the circuits, considers necessary, and";

(b) The first sentence of section 634(c) of title 28, United States Code, is amended by striking out "clerical" and inserting in lieu thereof "legal, clerical,".

Sec. 9. The Judicial Conference of the United States shall undertake a study, to begin within 90 days after the effective date of this act and to be completed and made available to Congress within 24 months thereafter, concerning the future of the magistrate system, the precise scope of such study to be recommended by the Chairmen of the Judiciary Committees of each House of Congress.

Sec. 10. Such sums as may be necessary to carry out the purposes of this Act are hereby authorized to be appropriated for expenditure on or after October 1, 1979.

And the House agree to the same.

ROBERT W. KASTENMEIER,
GEORGE DANIELSON,
R. L. MAZZOLI,
LAMAR GUDGER,
ROBERT T. MATSUI,
ABNER J. MIKVA,
TOM RAILSBACK,
CARLOS J. MOORHEAD,
HAL SAWYER.

Managers on the Part of the House.

EDWARD KENNEDY,
DENNIS DECONCINI,
HOWELL HEFLIN,
STROM THURMOND,
BOB DOLE.

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the

amendment of the House to the bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

MAGISTRATE CIVIL CASE DISPOSITIVE AUTHORITY

In this regard, the Senate bill and the House amendment thereto were similar in substance. A compromise text was accepted by the conferees. With regard to the magistrate's section 636(c) case dispositive authority, the conference substitute makes clear the voluntary consent of the parties is required before a civil action may be referred to a magistrate for a final decision.

Further, the magistrate must be specially designated to exercise such jurisdiction by the district court or courts he serves. No categorization of types of cases to be tried by magistrates is to be allowed. Lastly, part-time magistrates, pursuant to the consent of the parties (after a specific written request), may exercise such jurisdiction subject to the following requirements: the magistrate must meet the bar membership requirements set forth in the legislation and the chief judge of the district court must certify that a full-time magistrate is not reasonably available in accordance with guidelines established by the judicial council of the circuit. Among others, suggested reasons for unavailability are illness, distance, and lack of a full-time magistrate. The workload of full-time magistrates, being a subjective determination, should not be considered as a major factor.

The conference substitute does not modify 28 U.S.C. 636(b)(3) which permits assignment to magistrates such additional duties as are not inconsistent with the Constitution and the laws of the United States. For example, that provision has been used as the jurisdictional basis in a number of districts for the reference of Internal Revenue summons matters to magistrates for a hearing and a recommended decision when the judge has entered an order authorizing such a hearing. This legislation would not affect that practice.

APPELLATE ROUTE IN CIVIL CASES

Appeals from magistrates' decisions in civil cases will be taken directly to the appropriate court of appeals unless the parties at the time of reference of the case to the magistrate agree to take any appeals to the district court. The conferees carefully weighed the merits of appeal to the district court being the rule with the option of appealing to the court of appeals if the parties consented. Although there are pros and cons to either approach, the conferees felt that litigants who consented to a case disposition by a magistrate were entitled to the same presumption as to route of appeal that litigants having their case heard before a district court judge were entitled. If the parties desire, they may further consent to appeal directly to the district court. Thus, the conferees retained an alternative appellate route. It is hoped that this will add needed flexibility to the Federal judicial system.

BLIND CONSENT FOR TRIAL OF A CIVIL CASE BY A MAGISTRATE

Both the Senate bill and the House amendment thereto address the issue of consent procedure. The conferees thought that both approaches had respective merits and a compromise was reached between the two. At the time an action is filed, or as soon thereafter as is feasible, the clerk of court is required to notify the parties of their right to consent to the exercise of the district court's jurisdiction by a magistrate, provided that the magistrate has been designated as competent to exercise the civil jurisdiction of the court. The response of the parties is communicated to the clerk of court and is not to be conveyed to any district judge.

The conferees felt that because of the possibility of coercion a strong warning should remain in the legislation that neither the district judge nor the magistrate shall attempt to persuade or induce any party to consent to reference of any civil matter before a magistrate. Further, rules of the court must include procedures to protect the voluntariness, knowingness, and willingness of the consent.

In addition, the conferees thought that once pretrial proceedings have commenced before a district judge or magistrate, the parties could consent to trial by a magistrate before either of these judicial officers. Of course, they also could return to the clerk's office and file their consent there. Again, in this circumstance, no coercion is to be tolerated.

COURT REPORTERS

The conferees are cognizant that with increased jurisdiction of the magistrate, assurance of an adequate record is essential. The conferees feel that the option of which method to use can best be determined by the magistrate and the parties involved in the litigation. Selection of how the record shall be taken should be based on such features as the complexity of the case, likelihood of appeal, cost involved, and time constraints.

SELECTION OF MAGISTRATES

Because of differences between the House and Senate approaches on merit selection of magistrates, a compromise was necessary. The conferees were in agreement that present unevenness on magistrate competence must be cured. Further, it was agreed that the success of the magistrates system under a consensual framework would require the confidence of the district court, the legal profession, and the parties.

Therefore, the conference compromise provides detailed legislative requirements for merit selection of United States magistrates. Among the most significant are the following: First, all new full and part-time magistrate appointments, or reappointments, are contingent upon the magistrate having been a member of the bar of the highest court of his state or territory for at least five years subject to the last proviso of 28 U.S.C. 636(b). Second, all selections must be pursuant to standards and procedures promulgated by the Judicial Conference of the United States. In this regard, the standards and procedures must contain provision for public notice of all vacancies and for the establishment by the district courts of merit selection panels, composed of residents of the judicial districts, to assist in the selection process. Pursuant to this provision, the Judicial Conference may establish different standards and procedures for the appointment of full and part-time magistrates. Third, magistrates serving prior to the promulgation of selection standards and procedures may only exercise the jurisdiction conferred by this legislation after having been reappointed under such standards and procedures or after having been certified as qualified to exercise such jurisdiction by the judicial council of the circuit in which the magistrate serves. This latter provision thus

provides a quality control procedure for all sitting magistrates.

In brief, the conference substitute respects the spirit of both the Senate bill and the House amendment thereto; that the success of this reform will be determined by the magistrates who implement it. It is imperative, therefore, that they be qualified to meet their assigned functions.

Further, the conferees take notice of the fact that women, blacks, Hispanics, and other minorities are underrepresented in the Federal judiciary relative to the population at large, and the conferees intend that this factor be taken into account in the selection of magistrates. Public notice of vacancies in magistrate positions should be given and an affirmative effort made to identify and give due consideration to all qualified candidates including women, blacks, Hispanics, and other minorities. In order to maintain the confidence of the American public in the Federal court system, the conferees feel that all qualified applicants should be considered equally and that respect for the system is enhanced if it can be demonstrated that qualified people from all walks of life are able to strive for and achieve positions within the Federal judiciary.

YOUTH CORRECTIONS ACT

The Senate bill and the House amendment thereto both contained provisions setting forth the reach of magistrate sentencing powers under the Youth Corrections Act. The conferees agreed that a more detailed statutory clarification was necessary. To avoid the possibility of a youth offender being punished for up to six years for violation of a petty offense or misdemeanor, the conferees resolved that no youth offender could serve a longer sentence under the YCA than he could have served as an adult. This mandate—no more than one year for conviction of a misdemeanor or six months for conviction of a petty offense—explicitly is set forth in the conference substitute.

Also, to give guidance to the Bureau of Prisons and to preserve a core concept of the YCA—that rehabilitation should be substituted for retribution for the sentencing of certain types of youthful offenders—the conditional release and unconditional discharge provisions of the YCA are carried forward in the magistrates legislation. In brief, youth offenders sentenced by magistrates shall be released conditionally under supervision no later than 3 months before the expiration of the term imposed by the magistrate, and shall be discharged unconditionally on or before the expiration of the maximum sentence imposed.

JUVENILE DELINQUENCY

The Senate bill provided magistrates authority to process all juveniles accused of violations which would be a misdemeanor, including a petty offense, under 18 U.S.C. Chapter 403 (Juvenile Delinquency Act). In addition, the Senate bill authorized magistrates to incarcerate the juvenile for up to 6 months, and waived the certification by the Attorney General required under 18 U.S.C. 5032. The House amendment thereto had no comparable provision.

The House conferees rejected the Senate provisions and agreed to the following compromise: Magistrates are authorized to try juveniles with their consent and in petty offense cases only. No such case may proceed unless certification referred to in 18 U.S.C. 5032 has been complied with and no term of imprisonment shall be imposed by a magistrate in any case involving a juvenile under this section.

GUILTY PLEAS

The Senate recedes from its proposal to amend the Federal Rules of Criminal Procedure to permit a magistrate to accept guilty pleas in felony cases with the consent of the

defendant. In lieu thereof, the conferees agree to send a letter to the Chief Justice of the United States requesting that the proper committees of the Judicial Conference of the United States study the issue of having magistrates accept guilty pleas in felony cases with the defendant's consent.

ROBERT W. KASTENMEIER,
GEORGE DANIELSON,
R. L. MAZZOLI,
LAMAR GUDGER,
ROBERT T. MATSUI,
ABNER J. MIKVA,
TOM RAILSBACK,
CARLOS J. MOORHEAD,
HAL SAWYER,

Managers on the Part of the House.

EDWARD KENNEDY,
DENNIS DECONCINI,
HOWELL HEFLIN,
STROM THURMOND,
BOB DOLE,

Managers on the Part of the Senate.

NIGERIAN PRICE INCREASE POINTS UP NEED FOR SENATE ACTION ON SYNFUELS BILL

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, yesterday's headlines carried the news that Nigeria is considering another price increase for oil paid by U.S. companies and the companies of other nations. The oil is that portion which Nigeria receives as its share of partnership operations with United States and other oil companies—literally 6 out of every 10 barrels produced in Nigeria.

This price hike banditry that will be repeated time and time again or until we truly start on the road to energy independence through a combination of conservation and the development of petroleum alternatives or synfuels.

I hope the possible Nigerian action is duly noted by the Senate which is still considering legislation, passed by the House in June, to develop a commercial synthetic energy industry in the United States.

Synthetic petroleum from coal, shale, tar sands, biomass, and other materials can be a commercial reality in this Nation—despite the claims of opponents—within 5 years.

While this will not stop Nigeria and its OPEC brothers in the short run from jacking up their prices, it will insure that we will not be here 5 years from now—as we are 5 years from the first Arab oil embargo—asking how we can protect ourselves from the petroleum predators.

The time for timidity and nervous Nellies is behind us. The Senate should wait no longer to approve legislation to establish a commercial synthetic fuel industry in the United States. There is grave need to place a bill on the President's desk—and soon.

The fate of our Nation and its economy is not a partisan matter. The House recognized this on June 26 when it voted 368 to 25 to approve our synfuels bill.

The Senate can do better than it has to date and the proposal to develop a

commercial synthetic energy industry is its opportunity to prove it.

The distinguished junior Senator from Washington (Mr. JACKSON), chairman of the Senate Energy Committee, has assured me that his committee will complete action on synfuel legislation and bring it to the floor of the Senate in the near future.

I believe that the actions by Nigeria dramatize the need for prompt action on this legislation.

CONGRESS MUST BITE BULLET AND PASS REGISTRATION

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, an article by George Wilson in this morning's Washington Post makes me want to say "we told you so."

General Allen, Air Force Chief of Staff, stated that the House's vote against peacetime registration indicates that the public does not appreciate the seriousness of manpower problems. The Air Force is not meeting its enlistment quotas and is not able to retain young pilots and navigators.

General Meyer, Army Chief of Staff, announced that male and female volunteers need have only a 10th-grade education. Army leaders say one of their biggest problems is caused by the high dropout rate among volunteers who do not complete their enlistment.

The Marines also under strength will just reduce their strength levels by 10,000 and use the money elsewhere.

Mr. Speaker, the manpower problems in the military are not going away and sooner or later this Congress must bite the bullet and pass registration and also a partial draft of up to 200,000 young men a year for the Individual Ready Reserve.

THE LEGISLATIVE VETO

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, there has been much controversy in recent months about the legislative veto which gives the elected Congress the right to veto rules and regulations of unelected bureaucrats.

The Members of this House have enthusiastically supported it, although there has been resistance in the other body.

I, therefore, note with a great deal of satisfaction that yesterday the other body actually exercised a legislative veto, vetoing regulations of the Federal Election Commission. It is especially noteworthy that during the course of the debate not one single Senator said the legislative veto was unconstitutional. Not one single Senator said it was unworkable. Not one single Senator said Congress did not have enough time to exercise its legislative veto powers. Not one single Senator said a legislative veto would usurp executive powers or turn the

legislative process around. My! How times have changed.

I think maybe the Senate is catching up with the House now, and I commend them for it.

BUDGET OF HOPE

(Mr. SHUSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, the Republican Policy Committee, which I have the honor to chair, has unanimously endorsed a "budget of hope," a Republican substitute for the second concurrent budget resolution for fiscal year 1980.

The Republican "budget of hope" will slow the growth rate of Government spending while still providing a 6.87-percent increase in spending. It provides a \$20 billion tax cut, reduces a Federal deficit to under \$20 billion and encourages growth in productivity to help create jobs in the private sector.

It provides a clear difference with the majority resolution which we view as the "budget of despair," providing no tax relief and representing a surrender of any hope of balancing the budget in 1981. The time is long overdue to start putting an end to the reckless fiscal policies of the majority party and to begin restoring some semblance of sanity to this Nation's economic policies.

Once again the Democrats are turning a deaf ear to the message being shouted to Washington loudly and clearly by the American taxpayer, and once again the minority party is hearing and responding to that message.

I strongly urge all Members of Congress to avoid partisan politics and to join in this effort to give the American people a "budget of hope."

The Republican policy statement is included in Extensions in today's RECORD and I urge my colleagues to read it.

OIL COMPANY PROFITS

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, once again I feel compelled to raise the issue of oil company profits.

As we all know, the administration has set a goal of 240 million barrels of home heating oil in primary storage by the end of October. For the most part refineries have complied with the demands of the administration. They have been refining sufficient crude oil into home heating oil at a rate of nearly 1 million additional barrels per day.

However, it must be said that one of the byproducts of this massive buildup of inventory at the primary storage level is additional profits to the refiners. They have watched the price of heating oil rise by nearly 23 cents a gallon since the stockpiling program began in the spring of this year.

Mr. Speaker, the profits picture for the oil companies gets brighter and brighter while the economic status of the consumer gets darker and darker. The oil

companies must all agree to either roll back prices or at least hold the line on prices before winter.

CONTINUING APPROPRIATIONS, 1980

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 408, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 408

Resolved, That upon the adoption of this resolution it shall be in order, clause 2(1) (6) of rule XI to the contrary notwithstanding, to consider the joint resolution (H.J. Res. 399) making continuing appropriations for the fiscal year 1980, and for other purposes, in the House as in the Committee of the Whole. No amendment to and no motion to recommit said joint resolution affecting the compensation provisions in section 101(d) shall be in order except (1) the amendment recommended by the Committee on Appropriations now printed in the joint resolution; and (2) if the committee amendment is defeated, an amendment in the following form: "On pages 4 and 5, strike out the parenthetical clause on line 25 and line 1; and on page 5, line 6, strike out the period and all down to and through the word 'Such' on line 23, and insert in lieu thereof: 'Provided, That any', and after the word 'Constitution' on page 6, line 2, strike the period and insert the following: 'Provided further, That the provisions of section 304 of the Legislative Branch Appropriation Act, 1979, which limit the pay for certain Federal offices and positions, shall apply to funds appropriated by this Act or any other Act for the fiscal year 1980,'"; and said amendments shall not be subject to amendment but may be debated by the offering of pro forma amendments. No amendment to and no motion to recommit said joint resolution to restrict the use of funds for abortions or abortion-related services shall be in order except an amendment in the following form applying the provisions of section 210 of Public Law 95-480 to activities by the Department of Health, Education, and Welfare: "None of the funds provided for in this bill, for such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education, and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term; or except for such medical procedures necessary for the victims of rape or incest, when such rape or incest has been reported promptly to a law enforcement agency or public health service; or except in those instances where severe and long-lasting physical health damage to the mother would result if the pregnancy were carried to term when so determined by two physicians. Nor are payments prohibited for drugs or devices to prevent implantation of the fertilized ovum, or for medical procedures necessary for the termination of an ectopic pregnancy."; and said amendment shall not be subject to amendment but may be debated by the offering of pro forma amendments. No amendment to and no motion to recommit said joint resolution pertaining to the authority of or continuation of projects or activities of the Federal Trade Commission in fiscal year 1980 shall be in order.

□ 1140

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order a continuing resolution from the Appropriations Committee. I gathered during the reading that nobody was interested in listening to it, so I do not propose to explain it. I suppose that Members all know what the contents are.

It is a rule requested by the Appropriations Committee. I think it expedites the consideration of the matter and will be helpful to the House.

I will reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I agree with the statements just made by the gentleman from Missouri.

Mr. Speaker, there are several unusual features in this rule.

First, the printed report on the continuing resolution was not available until yesterday, and therefore it is necessary to waive the requirement that committee reports be available for 3 days before floor consideration.

Second, there will be no general debate. The rule provides that the continuing resolution will be considered in the House as in the Committee of the Whole. This means that the resolution will be considered as having been read for amendment and will be open for amendment and debate under the 5-minute rule without general debate.

Third, the introduced version of House Resolution 399 provided for a 5.5-percent pay increase for Members of Congress, judges and top officials of the three branches of Government.

The Appropriations Committee amended this to provide for the same 7-percent increase being allowed other Government employees. The rule provides for the following amendments on the pay raise issue. First, on the 7-percent amendment, if this amendment is defeated then a vote on a second amendment set forth in the rule which would again deny pay increases for senior officials. If both of these amendments are defeated the House will be left with the introduced resolution, which provides for a 5.5-percent pay increase. These amendments will not be subject to amendment but may be debated by the offering of pro forma amendments.

Mr. Speaker, a fourth notable feature in this rule deals with abortion. The continuing resolution continues the abortion language agreed to by the House in the Labor-HEW appropriation conference report on August 2, 1979. The rule prohibits amendments on the subject of abortion, except for one. The language is incorporated in the rule, and I will read it.

None of the funds provided for in this bill, for such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term; or except for such medical procedures necessary for the victims of rape or incest, when such rape or incest has been reported promptly to a law

enforcement agency or public health service; or except in those instances where severe and longlasting physical health damage to the mother would result if the pregnancy were carried to term when so determined by two physicians. Nor are payments prohibited for drugs or devices to prevent implantation of the fertilized ovum, or for medical procedures necessary for the termination of an ectopic pregnancy.

This amendment also will not be subject to amendment but may be debated by the offering of pro forma amendments.

Mr. Speaker, the last unusual item in this rule provides that no amendment to and no motion to recommit the joint resolution may relate to the Federal Trade Commission.

Mr. Speaker, later we will be considering a separate continuing resolution for the FTC so it makes sense to prohibit FTC amendments on this resolution. And I am aware that by the use of closed rules the House often indirectly limits what can be done in a motion to recommit. But this rule comes right out in front and directly puts a limit on the motion to recommit. I would not want this to become a precedent for objectionable limits on the motion to recommit in the future.

Mr. Speaker, the joint resolution made in order by this rule provides continuing appropriations for various departments and agencies of the Government for which general appropriation bills have not yet been enacted.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Speaker, I rise in opposition to the rule, but I rise more importantly to point out to the Members some of the extraordinary procedures that are involved with this rule that are very closely related to the whole ability of the congressional pay raise to pass. I think we can legitimately ask why this extraordinary procedure with this rule and with the process of amending this continuing resolution.

For instance, one example is the whole procedure of not going into the Committee of the Whole where a vote can be taken with 25 persons standing. By being in the House it will require more votes, and quite obviously it is going to be harder to get a recorded vote, and quite obviously when the number of people that it takes to stand is increased on this subject there is more of a chance that the pay raise will pass.

Also the number of amendments are limited and there is kind of an unusual procedure in getting at a vote of whether or not there ought to be any pay raise at all. First of all, the increase from 5½ to 7 percent has to be voted down before the question of no pay raise can be brought up, and that is the most legitimate question that can be put before the House on this question, which is whether or not there should be a pay raise at all. That is really the major, central issue to the subject of discussion, not whether or not it ought to be 5½ or 7 percent. We ought to have the right to vote on that issue without a roundabout procedure as is offered in this resolution.

Let me ask the members of the Rules Committee, let me ask the members of

the Appropriations Committee why not have the opportunity in a free, parliamentary body to offer those amendments that put the issues fair and square. The American people would like to have us be brave enough to stand up on the issue of whether or not we are for a pay raise, and that is why this rule is no good.

● Mr. HARRIS. Mr. Speaker, today, I am rising in support of the proposed comparability increase of 7 percent for all Federal employees. I believe that the issue of pay increases for Members of Congress should not be tied to the issue of providing equity to top level career Federal managers. I have strongly supported separating these issues. But I will not take the politically popular stand of voting against the 7 percent pay increase for Members of Congress when it would also punish career civil service employees who have through their competence and dedication risen to a GS-16 position.

Pay comparability for Federal employees is based on the principle that if we want efficient government, we must recruit and retain competent employees. I have heard from many of my constituents, dedicated men and women who have spent their entire careers in the Federal service. They are looking at jobs in the private sector because they can no longer stand the ravages of double digit inflation while we play political football with their salaries.

Therefore, I strongly urge the Members of this body to take a firm stand in favor of the 7 percent comparability adjustment in order to counter some of the adverse effects of earlier actions which have distorted comparability in the Federal sector.

In April I urged the President to listen to the advice of his chief inflation fighter and institute a 7 percent comparability increase for employees in the executive branch.

The issue which this body must resolve today is whether the 7 percent should apply to those employees of the executive branch who have had their salaries capped at executive pay level V.

I am of the opinion that the movement of wages and salaries in the private sector alone is sufficient to justify a 7 percent increase for these employees. This is the theory behind comparability, and I find that the concept is still sound.

Moreover, I feel that the problem of grade compression which has resulted from the imposition of artificial pay caps must be addressed. An estimated 6,200 top level Federal officials have not received a pay increase since March 1977, and an additional 11,100 now have their salaries frozen at executive level V. Individuals with widely disparate duties and responsibilities are being compensated at equal rates of pay. Morale has suffered tremendously, and top Federal officials are fleeing to more lucrative private sector jobs, or retiring earlier than intended. The Federal Government is losing an irreplaceable resource.

I strongly urge the Members of this body to support the 7 percent comparability adjustment for all Federal employees.●

● Mr. GILMAN. Mr. Speaker, I rise in opposition to House Joint Resolution 399, making continuing appropriations for fiscal year 1980.

Mr. Speaker, I do not object to the principle of passing a continuing resolution to assure that the activities of the Federal Government will continue at approximately the same level that they have been operating at during fiscal year 1979.

Regrettably, however, this resolution contains an inappropriate 7-percent increase in the salaries of the Congress, and I am constrained to oppose it. Moreover, this 7-percent increase was adopted without affording Members the opportunity of recording themselves as being in favor or in opposition to that raise.

I do not approve a 7-percent raise for the Congress and I feel that any raise considered by the Congress should not take effect until after an election has intervened—so that the public has an opportunity to voice its reaction.

I believe the Congress should adopt revised procedures for the consideration of any salary increments.●

Mr. LATTA. Mr. Speaker, I have no further requests for time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1150

Mr. WHITTEN. Mr. Speaker, pursuant to the resolution just agreed to, I call up for consideration in the House as in the Committee of the Whole the House joint resolution (H.J. Res. 399) making continuing appropriations for the fiscal year 1980, and for other purposes.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1980, namely:

Sec. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1979 and for which appropriations, funds or other authority would be available in the following appropriation Acts:

Agriculture, Rural Development, and Related Agencies Appropriation Act, 1980;

District of Columbia Appropriation Act, 1980;

Foreign Assistance and Related Programs Appropriations Act, 1980, notwithstanding section 10 of Public Law 91-872, and section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended;

Department of the Interior and Related Agencies Appropriation Act, 1980;

Military Construction Appropriation Act, 1980; and

Treasury, Postal Service, and General Government Appropriation Act, 1980; *Provided, That the Office of Inspector General, General Services Administration, shall be con-*

tinued at the rate and in the manner as provided in H.R. 4393 as passed the Senate on September 6, 1979.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House as of October 1, 1979, is different from that which would be available or granted under such Act as passed by the Senate as of October 1, 1979, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House as of October 1, 1979, or where an item is included in only one version of an Act as passed by both Houses as of October 1, 1979, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1979: *Provided, That no provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1979, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate*

(b) Such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education, and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), at a rate of operations, and to the extent and in the manner, provided for in such Act as adopted by the House of Representatives on August 2, 1979, notwithstanding the provisions of section 106 of this joint resolution.

(c) Such amounts as may be necessary for continuing projects or activities which were conducted in fiscal year 1979 for which provision was made in the Department of Defense Appropriation Act, 1979, at a rate of operations not in excess of the current rate or the rate provided in the budget estimate, whichever is lower, and under the more restrictive authority.

(d) Such amounts as may be necessary for continuing projects and activities of the legislative branch to the extent and in the manner as provided for in H.R. 4390 as reported June 7, 1979 (except as to executive salaries which are covered in next paragraph), and such amounts as may be necessary for continuing projects or activities for which disbursements are made by the Secretary of the Senate, and the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for fiscal year 1980.

Notwithstanding the provisions of the Federal Pay Comparability Act of 1970, providing for comparability increases to offset inflation, the Executive Salary Cost-of-Living Adjustment Act, or any other related provision of law, which would provide an approximate 12.9 percent increase in pay for certain Federal officials for pay periods beginning on or after October 1, 1979, and in view of the fact that the overall financial system of the Nation is threatened by inflation, the provisions of section 304 of the Legislative Branch Appropriation Act, 1979, which limit the pay for certain Federal offices and positions, shall apply to funds appropriated by this Act or any other Act for the fiscal year 1980, except that in applying such limitation

the term "at a rate which exceeds by more than 5.5 percent the rate" shall be substituted for the term "at a rate which exceeds the rate" where it appears in subsection (a) of such section for the purpose of limiting pay increases to 5.5 percent. Such additional payment under existing law is not to be construed as an increase in salary or emoluments within the meaning of Article I, Section 6, Clause 2 of the Constitution.

(e) Such amounts as may be necessary for fiscal year 1980 for Department of Energy, Operating Expenses, Energy Supply, Research and Development Activities, to carry out the breeder reactor demonstration project or project alternative approved by Congress in authorizing legislation, and for no other purpose, at the current rate of operations notwithstanding the provisions of sections 102 and 106 of this joint resolution.

(f) Such amounts as may be necessary for continuing the following activities, not otherwise provided for, which were conducted in fiscal year 1979, but at a rate for operations not in excess of the current rate:

activities under the Domestic Volunteer Service Act;

activities for support of nursing research under section 301 of the Public Health Service Act;

activities for support of nursing fellowships and for support of training programs and program support related to alcoholism under sections 301, 303, and 472 of the Public Health Service Act;

activities under section 789 and titles VIII, XII, XV, and XVII of the Public Health Service Act;

activities under sections 204 and 213 of the Community Mental Health Centers Act; activities under title IV of the Drug Abuse Office and Treatment Act;

activities under titles III and V of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act;

activities under section 2 of the Indochina Migration and Refugee Assistance Act;

activities of the National Board for the Promotion of Rifle Practice;

activities under the Omnibus Crime Control and Safe Streets Act of 1968, as amended, except that such activities shall be continued at a rate of operations not in excess of appropriations contained in the Department of Justice Appropriation Act, 1980 for the Office of Justice Assistance, Research, and Statistics;

activities of the Economic Development Administration; and

activities of the Regional Action Planning Commissions.

(g) Notwithstanding the funding rates provided for in section 101(a), activities of the Department of State for Migration and Refugee Assistance shall be funded at not to exceed an annual rate for obligations of \$456,241,000, notwithstanding section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended, and section 10 of Public Law 91-672.

(h) Such amounts as may be necessary for projects or activities which were conducted in fiscal year 1979 and for which provision was made in the Department of Transportation and Related Agencies Appropriation Act, 1979, or chapter X of the Supplemental Appropriations Act, 1979, at a rate of operations not in excess of the current rate or the rate provided in the budget estimate, whichever is lower, and under the more restrictive authority: *Provided*, That the Panama Canal Commission is authorized to incur obligations at the rate of operations, and to the extent and in the manner provided for in H.R. 4440 as reported on June 13, 1979, to meet operational and capital requirements of the Panama Canal in conformance with applicable legislation and the Panama Canal Treaty of 1977, notwithstanding

the provisions of section 106 of this joint resolution.

Sec. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from October 1, 1979, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) December 31, 1979, whichever first occurs.

Sec. 103. Appropriations and funds made available or authority granted pursuant to this joint resolution may be used without regard to the time limitations for submission and approval of apportionments set forth in section 665(d)(2) of title 31, United States Code, but nothing herein shall be construed to waive any other provision of law governing the apportionment of funds.

Sec. 104. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

Sec. 105. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

Sec. 106. No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1979.

Sec. 107. Any appropriation for the fiscal year 1980 required to be apportioned pursuant to section 665 of title 31, United States Code, may be apportioned on a basis indicating the need (to the extent any such increases cannot be absorbed within available appropriations) for a supplemental or deficiency estimate of appropriation to the extent necessary to permit payment of such pay increases as may be granted pursuant to law to civilian officers and employees and to active and retired military personnel. Each such appropriation shall otherwise be subject to the requirements of section 665 of title 31, United States Code.

Sec. 108. None of the funds available to the Department of Defense—Civil, Department of the Army, Corps of Engineers—Civil in fiscal year 1980 shall be available, except on a voluntary basis, for the acquisition of land or easements at or around the four lake projects in the Yazoo Basin, Mississippi, pending the submission to Congress of a plan for changing the curve by which the flow is regulated in line with the instructions contained on page 60 of the Conference report accompanying H.R. 4388 and of alternative solutions for the protection of Coffeeville, Mississippi, and other properties affected by the flood control operation at the project.

Sec. 109. No provision in any appropriation Act for the fiscal year 1980 that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 102(c) of this joint resolution.

Sec. 110. Appropriations and funds made available to the Appalachian Regional Commission, including the Appalachian Regional Development Programs, by this or any other Act shall be used by the Commission in accordance with the provisions of the applicable Appropriation Act and pursuant to the Appalachian Regional Development Act of 1965, as amended, notwithstanding the provisions of section 405 of said Act.

The SPEAKER pro tempore. (Mr. ROSENKOWSKI). Pursuant to the rule, no

amendments are in order affecting the compensation provisions in section 101 (d) except amendments permitted by House Resolution 408; no amendments are in order that restrict the use of funds for abortions or abortion-related services except an amendment printed in House Resolution 408. None of the amendments made in order shall be subject to amendment but may be debated by the offering of pro forma amendments. No amendments are in order pertaining to the authority of or continuation of projects or activities of the Federal Trade Commission in fiscal year 1980.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Joint Resolution 399.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I hope I may have the attention of the Members, because we have brought this up under the 5-minute rule so as to expedite the matter. I think what I shall say is of importance to all of us. I am very proud of the House, and particularly the Committee on Appropriations, which for the first time I have the honor to head, because we have done our work and we have done it expeditiously. We have dealt with 12 of the appropriation bills, but unfortunately, for reasons beyond our control, it becomes apparent that few, if any of these bills will be enacted into law in time to meet the payroll of October 1.

Mr. Speaker, in order to see that the payrolls are met and that the absolute, essential operations of the Government shall continue after October 1, it is necessary that we pass a continuing resolution.

I hope my colleagues will realize that to tie this bill down with amendments would jeopardize the getting together with the Senate on a continuing resolution in time to meet these essential operations of the Government after October 1. The rule that the Members just heard is in line with and suggested by the Committee on Appropriations to the Rules Committee in that where there are controversial items in a measure, the Congress is entitled to work its will. Insofar as I know, there was one item that was truly controversial—that is the Federal Trade Commission, which for 3 years has had no authorization by legislative committee sponsorship, but the Appropriations Committee has had the job of writing the law under which the Federal Trade Commission is operating. Because it is highly controversial in a number of areas, it is in a different resolution and left out of the first resolution for that reason.

There are two other items which I am aware of that the rule permits us to vote on. One of them is on abortion. There, in order to get the bill through and not get into controversy, we carried the Hyde amendment in the bill as it comes to the Members, on the basis that this continuing resolution will last only so

long as it takes for a particular bill to be enacted into law. When that happens, this resolution, which is for 90 days only, would be superseded by the regular bill when it becomes law, and the regular bill will take the place of this resolution.

The other matter here is the one I hear folks call by a misnomer; that is salary raise, which really is increased appropriation the law provides for definite increases in compensation for the executive employees in the government. In 1967, the Congress enacted into law a bill that provides for automatic increases for Federal employees. Congressmen and judges and others are included in that law. The estimate is that that law provides now for a 12.9-percent increase in pay.

I voted against that law. I thought at that time that it was proper for a commission to recommend, but Congress ought to vote on whether it approved such recommendations or not. I lost, but that is the law.

Let me say to the Members that it appears to me from a cursory study of the law that the opinion of the judge in which certain judges sued the Government, the court in the last paragraph of its opinion, stated as follows:

It has long been established that the mere failure of Congress to appropriate funds without words modifying or repealing, expressly or by clear implication, the substantive law, does not in and of itself defeat a governmental obligation created by statute.

Since the 1967 statute provides for a 12.9-percent increase for these executive employees, what we are voting on, and what was voted on last time is whether to make any additional appropriation to carry out that law or not. Presumably, if Members do not, in the opinion quoted from it would appear the obligation to pay would still exist.

I am one of those who think that inflation is the most serious thing that faces this Nation. Since 1967, the value of the dollar has gone down 50 percent. We just had a meeting of the Committee on Defense; we are constantly getting increases requested which add inflation to inflation. Not only that, but 58 percent of our laws have built-in inflation—indexing, if you please. So, I personally believe that we are going to have to live with inflation and absorb it in the long run to handle it.

But, there is no way for one group to do that alone and make it different. So, as chairman of the committee in an effort to hold down and face up to this inflationary trend, I recommend to the committee that we not appropriate for the full 12.9 percent, but make only a 5.5-percent appropriation here in an effort to hold down appropriations and try to get inflation in hand over a period of 3 years, in my own mind.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

(By unanimous consent Mr. WHITTEN was allowed to proceed for 5 additional minutes.)

Mr. WHITTEN. That was the provision in the bill. However, members of the committee increased the recommended 5.5 to 7 percent.

It was and is my opinion that by holding down the appropriation we would set an example for the rest of the country. As I have stated in the committee that 5.5 percent was stricken along with some explanatory language, and the committee amendment provides for 7 percent. That committee amendment is up for a vote under the rule. If that committee amendment should fail, then we will have a right to vote on whether there is to be any appropriation or not. But, I repeat again, this is a raise in the amount of cash that Members would receive, but would be about one-third of what is provided by the 1967 statute. So, however Members may vote, keep in mind that that is what is involved. Regardless of the action here, the law would not be changed.

Mr. BAUMAN. Mr. Speaker, would the gentleman from Mississippi yield for a question?

Mr. WHITTEN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman.

I wanted to ask the gentleman about the provision on page 8 of the continuing resolution dealing with H.R. 4440, the transportation appropriation bill.

Mr. WHITTEN. I would be glad to have the question. It may be that I may need to turn to the chairman of the Appropriations Subcommittee for the answer.

Mr. BAUMAN. The continuing resolution is somewhat in conflict. It says that the appropriations will be available to the extent and manner provided for in H.R. 4440 as reported on June 30, 1979. Since that time, that bill was passed yesterday here on the floor. The continuing resolution goes on to say that the funds for the Panama Canal will be expended in conformance with applicable legislation and the Panama Canal Treaty of 1977.

Mr. Speaker, I will state my own understanding of this. I would assume that the form in which the bill passed yesterday is the governing statute as well as anything we may do here tomorrow on the conference report on the Panama Canal implementing legislation.

Mr. WHITTEN. I will say again this is a continuing resolution to expire December 31. I presume the gentleman is correct.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman.

Mr. WHITTEN. Mr. Speaker, there is another matter in this resolution which attempts to correct a mistake in dealing with flood control in my area. We developed the following guidelines which appear in the committee report for the Corps of Engineers. I know of no opposition or difference of opinion with regard to this matter I quote:

According to the Corps of Engineers, deficiencies in the Corps of Engineers design of the Arkabutla, Enid, Grenada, and Sardis Lakes Flood Control Projects, Miss., resulted in inaccurate prediction of the 100-year flood level in the reservoir pool as shown by the 1973 flood. The Corps has tried to make up for this discrepancy by acquiring additional land and easements in the area. The Committee questions this action and has so indicated in the reports accompanying H.R. 4388 making appropriations for Energy and Water Development for 1980. The Corps

simply cannot remedy its errors by taking additional land off of tax rolls little by little, without consideration of the local citizens, and the interest of local governmental units, nor without pursuing possible alternative solutions. A case in point is the town of Coffeeville, Miss. Grenada Lake at flood stage floods might affect part of the town. The Corps in deciding that additional land acquisition or easements is the solution to the problem, has never submitted to Congress its proposed action for review by the Congress nor has it reviewed possible alternatives to the problem.

Language is included in the resolution directing a delay in further acquisitions of easements or title to property except on the voluntary agreement of the owner, and to provide plans for an alternative to the Corps' present policies, including modification of present procedures for regulation of flow as set out in language on page 60 of House Report 96-388, and a proposal for the protection of the town of Coffeeville which shall be presented to the Congress prior to June, 1980.

These studies, reports and changes should be funded within available funds.

Mr. Speaker, the resolution before us provides interim operating authority for most of the Government departments and agencies until the regular appropriation bills are signed into law. It covers 10 of the 13 regular bills plus other programs which were not included in the regular appropriation bills due to the lack of authorizing legislation.

It is effective until December 31, but the provisions of the resolution cease to be operative when the individual appropriation bills are separately signed into law.

Mr. Speaker, a great deal of fanfare has accompanied the Congressional Budget Act and the attendant reforms in congressional procedures associated with the Federal budget. I am fearful, however, that the principles of the 1974 Budget Act are rapidly eroding. Certainly the noble principle of timely final action on appropriation bills and authorization bills has eroded.

While the Appropriations Committee reported 11 of the 13 regular bills in June and another in July, none have been signed into law as of this morning. Two bills—State-Justice and energy and water—have been sent to the President. The conference report on the Labor-HEW bill has passed the House but has not been considered in the Senate. Conference reports have been filed on two bills—HUD and District of Columbia—but as yet they have not cleared the House and Senate. Two more bills—Agriculture and Treasury-Postal Service—are at the conference stage. Four additional bills—military construction, Interior, foreign assistance, and Transportation—have passed the House and are pending in the Senate. That accounts for 11 of the 13 bills. Remaining are the defense bill and a new legislative bill. The defense bill will be considered by the committee tomorrow morning and we hope to pass it through the House next week. The subcommittee has marked up a new legislative bill but a firm schedule for its consideration has not yet been established.

The point is, Mr. Speaker, that while these bills have been generally reported in June, in ample time to provide for

their enactment before the first of October, they have not been signed in law within the timeframe envisioned in the Budget Control Act. Various circumstances have precluded timely enactment of these essential bills, but it appears that the additional 3 months granted to Congress to consider the budget business of Government when the fiscal year was extended in 1974 has evaporated. Generally speaking, authorizations have not progressed as envisioned in the Budget Act and consequently, problems have arisen in achieving enactment of appropriation bills in a timely manner. This is a subject which must be remedied.

In the meantime we have before us this continuing resolution which represents funding of programs aggregating about one quarter of a trillion dollars at an annual rate. Of course, the continuing resolution is effective for only 3 months and hopefully most Federal programs will be provided for in the pending regular bills long before the expiration date of the resolution.

RATES UNDER THE CONTINUING RESOLUTION

I would point out, Mr. Speaker, that a continuing resolution is far from an ideal financing mechanism for the conduct of Federal programs. It is strictly a stopgap measure designed to prevent massive disruptions in the operation of Federal programs until regular bills are in place. It is, by nature, an imperfect device, but it is the best system that has been conceived over a period of years. It undertakes to set minimal levels of funding and in the report accompanying the resolution the committee cautions departments and agencies against taking actions which might impinge upon discretionary decisions available to the Congress in the traditional authorization and appropriation process. I especially call to the attention of executive officials the section in the report under the heading "Compliance with the resolution."

I wish to call to the attention of Members and others the rates which obtain under the resolution.

Section 101(a) provides for six major appropriation bills including agriculture, District of Columbia, foreign assistance, interior, military construction, and Treasury-Postal Service. Under this section, where the particular appropriation bill has passed both Houses, and the amount as passed by the House is different than that as passed by the Senate, the project or activity is continued under the lesser amount or more restrictive authority. Where the particular appropriation bill has passed only the House or where provision is made for a program in only one version of a bill as passed both the House and the Senate, the rate of operation shall not exceed the current rate or the rate provided by the one House, whichever is lower.

Section 101(b) provides for programs under the Labor-HEW bill at the rate of the conference agreement. This includes the abortion provision as passed the House.

Activities under the defense bill are continued at the current rate or the

rate of the budget estimate, whichever is lower. This is section 101(c).

The legislative branch is provided for in section 101(d) at the rate for programs and with the other provisions included in H.R. 4390 as reported on June 7, 1979. This includes the executive pay provision set forth in that bill.

The transportation bill is continued in section 101(h) at the current rate or the rate of the budget estimate. Special provision is made for the Panama Canal as recommended by the subcommittee.

Provision is made in section 101(f) for a number of programs at the current rate. Included are some health and related programs, certain refugee assistance, and certain justice and economic development activities. It is the intention that the resolution, by virtue of the recommendation of the Subcommittee on the Department of Labor and Health, Education, and Welfare advises that it is the intention that the resolution provide funds to continue reimbursement for cash assistance, medical, social services, and training for Indochinese refugees to take care of the 14,000 refugees that are now arriving each month. This is to assure all States that Federal funds will not be cut off while Congress is considering new authorizing legislation for this and other refugee programs.

I wish to state again, Mr. Speaker, that this continuing resolution is simply a temporary funding mechanism. Its central thrust is to provide for ongoing activities. Section 106 prohibits new starts or the resumption of programs not conducted in fiscal year 1979.

The resolution does not augment appropriations contained in the regular bills. Section 105 provides that expenditures made under the authority carried in the resolution shall be charged to applicable appropriations when the regular bills are signed into law on target. But I caution that outlay estimates vascillate violently in both directions and are not subject to control. Outlays, in my judgment, represent an unsatisfactory yardstick with which to measure current actions of Congress. This is because outlay estimates are just not reliable for the purposes of budget control and because so much of the budget is uncontrollable. As I have pointed out to this House before, a study I initiated last year revealed that programs representing 58 percent of the budget include built-in escalator provisions which automatically drive up expenditures with inflation.

But on balance, Mr. Speaker, and considering all the circumstances, I believe we have done a good job in holding the line in the appropriation bills and making reductions where they could reasonably be made.

In conclusion, Mr. Speaker, this resolution which we bring before the House today is absolutely necessary and I urge its adoption.

□ 1200

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 4, strike out the parenthetical clause on line 25 and P. 5, line 1, and on page 5, line 6, strike out

the period and all down to and through the word "Such" on line 23, and insert in lieu thereof "Provided, That any".

Mr. O'BRIEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I rise in opposition to the committee amendment. I do so not so much for the issue of the amount of the pay raise as I do for the way we go about it.

There are 9 or 10 bills pending in this House in the appropriate committee with a vast number of sponsors which would suggest that when the Congress deals with the question of raising its own pay that, if it concludes it should raise its pay, that raise shall become effective the first day of the next Congress, not before.

In my district I think this is the issue about which people are concerned, as I believe is the true situation in other districts. The issue not being so much whether or not we are entitled to a raise, the issue being whether or not we should do it within the period of our 2-year contract, under the terms of which we were elected to serve a year ago this November.

Mr. Speaker, it is my belief that the amount of the raise is really not the problem. The issue is how we do it. In sum, the job is worth the money, the question is whether the candidate merits the job.

Mr. Speaker, for that reason I object to the committee amendment and I suggest the House vote it down.

Mr. GRASSLEY. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in opposition to the committee amendment.

Mr. Speaker, I rise in opposition to the committee amendment as well as to the provision of the resolution calling for the 5½-percent pay raise. We are not talking about any little amount of money here. We are talking about whether \$50 million or \$60 million will be spent. Not only the salaries for the Congress of the United States, the salaries of the 535, but also for the 15,000 upper level civil servants, the judges and the Cabinet members.

When we go home to explain our vote on the pay-raise issue, we should not play up the fact we are voting just for a few million dollars for the salaries of Congressmen, but in fact we are talking about in the neighborhood of 15,000 people's salaries being affected, costing \$50 to \$60 million.

Mr. Speaker, the basic issue here is the one that is basic to pretty much the whole discussion of inflation and that is the attitude of this Congress toward the expenditure of money in the first place. Mr. Speaker, as we look at the expenditure of this \$50 million to \$60 million—and that might be like a spit in the ocean compared to the \$550 billion we are going to end up spending in this year's budget anyway, but, regardless, that is \$50 to \$60 million. Think of the message that will trigger to the people of this country, the attitude that it demonstrates that Congress does not care about inflation. Whether or not you can go home and say to the people that you believe in a balanced budget if you have an opportunity to save \$50 or \$60 million and do not do it is the issue.

Mr. Speaker, the attempt will probably be made to avoid a rollcall vote on this. I doubt if there is a quorum on the floor of the House at this particular time. A quorum is 218 people.

Mr. Speaker, the news media in the gallery, they know who is here and who is not. They know the faces of the Members who are on the floor of the house. We have had enough Members tell us they would stand up and be counted for a recorded vote. I hope those Members will be here and I hope they will stand up for a recorded vote. I think it is legitimate that we look at our responsibility of helping to get a vote on this issue, as much as how we personally feel about the pay raise, even for those of you who are for it. You ought to be willing to be on record for the pay raise as well as being on record opposed to it.

Mr. SOLOMON. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in opposition to the committee amendment.

Mr. Speaker, I would like to preface my remarks to every Member of this House by calling their attention to the latest Gallup poll which indicates the esteem in which the American people hold this House and the Congress of the United States. Only one out of eight Americans in this country think this Congress is doing a good job.

Mr. Speaker, I would like to ask any Member of this House whether they deserve a raise based on their performance, collectively, not as individuals, because as individuals we probably all work very hard. However, let me tell you what the American people think: They think the foreign policy of this country is in a shambles. They think the American economy is in a severe recession. They know that this country has no energy plan.

Mr. Speaker, furthermore, the American people know that we have rampant inflation at the rate of 13 percent annually and 18 percent on the basic necessities of life when you consider the increased cost of food, medicine, heating fuel, and gasoline.

Mr. Speaker, why do we have rampant inflation? I hear all these people calling for votes, Mr. Speaker, and I know very well that when we have to ask for 44 Members to stand, they are going to scurry out of here like flies. I want to see them run out of this.

Mr. Speaker, why do we have rampant inflation? The reason we do is, because in the last 6 years our Federal budget has grown from over \$270 billion to over \$500 billion in just 6 years.

Mr. Speaker, even worse with that budget rise is the fact that the national debt in this country in the 6 years just passed has grown from over \$500 to \$890 billion. It costs \$60 billion just to pay the interest on the national debt. That is \$105 million a day we could use to help those people who truly cannot help themselves.

Mr. Speaker, the Congress is the cause of overinflation, rampant inflation today, and here we sit asking ourselves, on merit, to accept a 7-percent raise. I just think it is outrageous and I know that you people are not going to accept this.

Mr. Speaker, the gentleman from Illinois (Mr. O'BRIEN), after we defeat this amendment, is going to offer an amendment which I have prefiled with the desk that will freeze any raises for this year and during the term of office—which is the way it should be—and I just hope all of us will sincerely react to the American people, vote down this amendment, support the amendment of the gentleman from Illinois (Mr. O'BRIEN) and let us show the American people that when we ask them to tighten their belts we are willing to do the same thing ourselves.

Mr. Speaker, I oppose the amendment.

Mr. DORNAN. Mr. Speaker, I move to strike the requisite number of words to speak in opposition to the amendment.

Mr. Speaker, in my Los Angeles beach cities district in the bicentennial year, the No. 1 issue was runaway government spending. And it still is the No. 1 issue 3 years later. The day I was sworn in January 4, 1977, the inflation rate for our Nation was 6.1 percent. By March of last year, 1978, it was 9.3 percent. By June 1978, 11.4 percent. March of this year, 13 percent. Last June, midyear 1979, 13.4 percent.

Mr. Speaker, now we know it is a crushing 14½ percent. Senior citizens are begging for a halt to this thief in the night—inflation.

Mr. Speaker, I would like to underscore and reiterate forcefully what the distinguished and courageous gentleman from New York (Mr. SOLOMON) said. That individually many Members are deserving. Everyone I have come in contact with in this House is a hard-working man or woman putting out a tremendous effort of public service.

Maybe you, sir, deserve a raise, or you, madam, deserve one, or you, you, you, or you, maybe all here deserve a raise based on work performance if you analyze each Member individually. After all we do deal with billions of taxpayers dollars daily. But collectively this body absolutely does not deserve even a nickel raise because any economist worth his salt will tell you that it is the House of Representatives which is the principal cause of the hidden tax of inflation. This is the money house where all appropriations bills originate. The big spenders in this Chamber are the major cause of the curse of inflation.

□ 1210

Many of you are now sorry for the complex budgetary process that we struggle through now. At least it was in an attempt to do something, anything, about how to cut up the Federal pie. But we are failing. We are not living within the revenues that the IRS brings in. As long as this House collectively is guilty of stifling inflation in this country by incessant deficit spending, we dare not raise our own pay. This is a disgrace. I ask that this amendment be put down.

Mr. CONTE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I support House Joint Resolution 399, which continues appropriations through December 31, 1979, for Federal programs and activities contained in 10 appropriation bills which may not be signed into law by the beginning of the fiscal year.

Six of these bills are covered in section 101(a) of the joint resolution: Agriculture, rural development, and related agencies; District of Columbia; Foreign assistance and related programs; Department of the Interior and related agencies; military construction; and Treasury, Postal Service, and general Government.

For these six bills covered by section 101(a), the level of continuing appropriations is determined by the status of the bill on the first day of the fiscal year.

First. Where the bill has passed the House and Senate, and the House and Senate bills contain different appropriations for a project or activity, the project or activity is continued at the lesser amount or under the more restrictive authority.

Where an appropriation for a project or activity is included in only the House or the Senate bill, the project or activity is continued at the current rate or the rate provided by the one House, whichever is lower, and under the authority and conditions in effect during the current fiscal year.

Provisions which apply to more than one appropriation, and were not included in the applicable appropriation act for 1979, are not continued unless they are the same in the House and Senate bills.

Second. Where the bill has passed only the House, the project or activity is continued at the House level, or the level of the current year, whichever is lower, and under the terms and conditions in effect in the current fiscal year.

In no case can continuing appropriations be used to resume or initiate any project or activity for which funds were not provided in the current fiscal year.

Special provision is made for four appropriation bills.

First. Continuing appropriations for activities in the defense bill are provided at the current rate, or the budget estimate, whichever is lower and under the more restrictive authority.

Second. Continuing appropriations for the activities in the Labor-HEW bill are provided at the rate, and under the conditions, in the conference report on the Labor-HEW bill which passed the House on August 2, 1979.

Third. Continuing appropriations for activities in the legislative bill are provided at the rate, and under the conditions, in the Legislative bill as reported to the House on June 7, 1979.

Fourth. Continuing appropriations for activities in the transportation bill are provided at the current rate or the budget estimate, whichever is lower and under the more restrictive authority.

The continuing resolution also provides continuing appropriations at the current rate for a number of specific programs which were not included in a 1980 bill, usually due to lack of authorization.

No amendments are in order regarding the Federal Trade Commission, which is covered by a separate continuing resolution.

The continuing resolution and the rule also present the House with alternatives on two important issues.

First. The continuing resolution as reported would continue the abortion restriction contained in the Labor-HEW

bill for fiscal 1980, as passed the House, which contained only an exception where the life of the mother is endangered.

The rule permits an amendment to substitute last years abortion language, which is considerably more liberal.

Second. The continuing resolution as reported places a 5.5-percent limit on pay increases for upper level positions in the executive, legislative, and judicial branches.

A committee amendment is in order which would strike this limitation, and bring into operation the 7-percent limit contained in the 1980 legislative bill as reported.

A floor amendment is in order which would eliminate all pay raises for all of these positions.

If all of these amendments fail, the 5.5-percent limitation in the resolution as reported would take effect for the 3 months covered by the resolution.

Mr. Speaker, I urge my colleagues to support the continuing resolution, even though amendments on these two issues are limited by the rule, and I usually prefer to consider legislation under the 5-minute rule in the Committee of the Whole, where the will of the House can be expressed freely and openly through debate and amendment.

But I do not believe that continuing resolutions should serve as bottomless legislative garbage cans for issues that already have been fought, and often lost, on the regular appropriation bills.

I believe that this continuing resolution, under the rule, provides an adequate opportunity for the House to express its will on the two important issues I have mentioned.

We have a responsibility to the taxpayers, and to the Federal employees who administer the programs covered by this continuing resolution, to enact continuing appropriations in a timely manner, so that these activities can proceed without delay.

Mr. Speaker, I urge adoption of the resolution.

Mr. MICHEL. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, other than the gentleman who just preceded me in the well, all the conversation or all the debate would seem to center around the pay raise issue, but there is much more involved in this continuing resolution than that one issue. I would like to elaborate, if I may, for a few moments, on what is involved in the HEW section of this continuing resolution.

As you recall, a number of the programs were left out of our regular HEW bill, because they were unauthorized. This resolution provides for a continuation of these programs at current operating levels. Some of the major programs in this regard are the Indo-Chinese refugee assistance programs at \$148 million; the drug abuse programs at \$201 million; health planning at \$195 million; alcoholism programs at \$175 million; ACTION programs at \$57 million; emergency medical services at \$42.6 million. In total, the current operating level for these programs amounts to \$960 million of ongoing programs that need authorization for expenditures in this continuing resolution.

Now, in the absence of this resolution's passing they die. The continuing resolution is required for the continued operation of these programs I have mentioned.

In total, the current operating level for these programs amounts to about \$960 million compared with the President's 1980 budget request of \$821 million. It would appear as though we are funding these programs at a higher level than the budget recommendation, but when you take out the nursing programs, it more or less balances out.

The only program where the budget request is significantly higher than the current operating level is in ACTION, but I would venture to say that the Nation will not suffer adversely if ACTION is not funded at a higher level.

The Labor-HEW programs contained in the regular bill are funded in this resolution at the levels and manner provided for in the conference report. This is important to keep in mind in view of the recent history of difficulty we have had in completing action on our Labor-HEW bill.

Two years ago no bill was enacted and the continuing resolution provided a full year's authority for these programs. Hopefully this will not be the case this year; but if it is, we are insuring the funding of these programs at the levels agreed upon.

The resolution provides for the same abortion language as the gentleman from Mississippi indicated as is contained in the House passed version of the Labor-HEW bill. This presumably could cause a problem in the Senate, but if it does clear both Houses it will result in a change from existing language.

Now, if I might conclude only with a comment or two with respect to the pay raise issue, because whether or not we do or do not have a vote on the issue, I want it to be made abundantly clear that I support what the committee recommends. From my days as a junior Congressman 24 years ago, I have never shied away from the issue. Maybe it is because the old fox—the late Senate minority leader Everett Dirksen—who was my mentor in those days, always told me, "Bob, never demean your own worth in this body." I have never done so and have always told my own people, frankly, that if they want a two-bit Congressman, go ahead and get yourself one, but I consider myself to be a pretty first-class Congressman deserving of an occasional pay increase commensurate with my responsibility.

The last time we had a pay raise was in March of 1977.

□ 1220

There was a great deal of controversy about it—as there always is—simply because every once in a while we have to consider what the Constitution says we have to do.

We cannot shunt this responsibility off to somebody else. We can appoint a commission; as we have done in more recent years to make recommendations to the President who in turn can provide for our change of pay in his budget presentation. But even then we have to face up either to those recommendations or make some determination on our own.

No matter what mechanics we employ it all boils down to our facing up from time to time as to what we think we are worth.

We have not had a raise, as I indicated, since March of 1977, but we have had more than a 20-percent increase in the inflation rate since that time. What our committee has recommended as a pay increase for ourselves represents about a third of what the normal inflation rate has been since the last time we raised our pay. I do not happen to think that is unreasonable.

Now, I would agree that it would be best to legislate a raise now to take effect in the next Congress. But what would we agree to. With inflation running at 13 percent a year, would any of you be willing to toe the mark for 2 times 13 plus another 20 percent we have already lost up to this point. I doubt it very much.

Can you leave it go to next year—an election year? Why, of course, there will be more Members running for cover then than will do the same today.

Then you are back to the Quadrennial Commission—approach at the end of 1980. By that time at the current rate of inflation, you will have to face up to a recommendation in excess of 20 or 30 percent and you will not do that either. The SPEAKER pro tempore. The time of the gentleman from Illinois (Mr. MICHEL) has expired.

(On request of Mr. DERWINSKI, and by unanimous consent, Mr. MICHEL was allowed to proceed for 2 additional minutes.)

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to my friend, the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, let me first commend the gentleman from Illinois (Mr. MICHEL) for his courageous statement.

Mr. Speaker, for the benefit of our new Members who are participating for the first time in this controversy over the proper range of pay for top-level Federal positions, I would like to offer a brief refresher.

Some 4 years ago, in July 1975, the Congress enacted legislation amending the 1970 Federal Pay Comparability Act to make the Federal judiciary, executive level employees, and Members of Congress eligible for the annual cost-of-living pay adjustments granted to Federal white collar workers.

The effect of this law, when a pay cap is considered, brings into contention the salary levels of nearly 22,000 Federal employees. Included are 535 Members of Congress, the Librarian of Congress, the Public Printer, and some 30 other legislative branch positions; 17,000 General Schedule employees affected by the pay ceiling; 5,025 employees in the Foreign Service and other pay systems; 913 Federal judges; 9,000 officials in the Senior Executive Service; and 572 executive level positions, such as cabinet members and heads and deputies in executive agencies.

Despite the broad range of Federal officials whose salary levels are at stake, the press, over the past several years, has succeeded in muddling the motivation behind that 1975 legislation. By re-

porting the effect of this law inaccurately and with deliberate exaggeration, the press has made Members of Congress a convenient and much maligned target.

The impetus for 1975 legislation did not come from Members of Congress, but instead came as a result of double-barrel pressure from the judiciary and executive branches to relieve Federal judges and top-level executives from the salary crunch they had experienced in the previous years.

The same pressure is once again upon us, for salaries of these positions have been static since February 1977 and will remain frozen until October of this year.

Last year, in the Legislative Appropriation Act of 1979, the Congress applied restraints on these salaries by denying funds for the 5.5-percent October 1978 pay increase approved by the President. That restriction, however, has a life of only 1 year. If no action is taken to apply further restraints, in October this year salaries of these positions will increase by the amount of the 1978 and 1979 Presidentially proclaimed, cost-of-living pay increases. This would be about 13 percent—5.5 percent in 1978 compounded by the 7 percent in October 1979.

Historically, and logically, we are on firm ground in keeping the salaries of Congress and the judiciary together in fixed ratios. I can see no justification for preferential treatment for judges. Whatever action is taken by this body, it should treat with equality all the offices of Government which are grouped under the 1975 pay act.

The SPEAKER pro tempore. The time of the gentleman from Illinois (Mr. MICHEL) has again expired.

(On request of Mr. SOLOMON, and by unanimous consent, Mr. MICHEL was allowed to proceed for 1 additional minute.)

Mr. SOLOMON. Mr. Speaker, I will ask the gentleman to yield.

Mr. MICHEL. Mr. Speaker, I will yield in one moment, but first let me make one further comment.

I just had to take the time, in addition to those comments I made with respect to HEW, to suggest that those in the educational processes of this country who are watching this particular proceeding should be given a more balanced record on this particular subject. There are arguments to be made on both sides of the pay issue and surely as to an appropriate amount and would simply say again that the Constitution itself charges us with considering the subject matter from time to time. No one else can do it for us. We have to do it for ourselves.

Mr. Speaker, I am happy to yield to my friend, the gentleman from New York (Mr. SOLOMON), whom I greatly respect for the particular views he holds. I do not mean to question his position on this issue by any stretch of the imagination, even though we find ourselves at odds on this one.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Illinois (Mr. MICHEL) for his comments, and I just want to say that the gentleman from Illinois is one of the most respected Members of this House, a Member to whom I pay my deep-

est respects, even though we disagree on this subject. I just want to have it clarified, if the gentleman would, whether he is speaking as an individual or in a leadership role. I think the House is entitled to know that. I think that is a fair question.

Mr. MICHEL. Mr. Speaker, when one is a leader or professes to be one, he or she does not shy away from responsibility. Occasionally we have to do the distasteful thing. I make no bones about the fact that I have contacted by letter every one of our Members on our side to encourage them to support what they thought they ought to be paid. That may be good or bad, and it ought to be obvious from what I have said today what my pay for this job ought to be. That is the way I feel.

If other Members do not feel that way, I have no personal animosity toward them.

Mr. Speaker, I say again that I felt the record of today's proceedings should be more balanced, and that is why I took the time to express myself the way I have.

The SPEAKER pro tempore. The question is on the committee amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. O'BRIEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. Two hundred and fifty-eight Members are present, a quorum.

Mr. O'BRIEN. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

Mr. BAUMAN. Mr. Speaker, on that I demand a division.

On a division (demanded by Mr. BAUMAN) there were—yeas 156, nays 64.

So the committee amendment was agreed to.

□ 1230

Mr. ASHBROOK. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I take this time to ask the gentleman from Mississippi (Mr. WHITTEN), the chairman of the Committee on Appropriations, whether or not the language appearing on page 3, lines 3 through 5, would cover the situation of the Ashbrook and Dornan amendments which were offered to the Treasury appropriation bill dealing with the proposed IRS guidelines for private schools.

I had an amendment drafted, but in talking to the gentleman's staff, it is my understanding that the position of the Committee on Appropriations is that an amendment such as the Ashbrook and Dornan amendments, which passed in the House and in the Senate but are attached to an appropriation bill which has not yet been passed into law, that in that situation between now and December 31 those amendments, in effect, would be operative and the IRS could not proceed with implementation of guidelines which were the subject of those two amendments on those two appropriations bills.

Mr. WHITTEN. Mr. Speaker, if the gentleman will yield, my understanding is the same as the gentleman's, and I

would say that the gentleman is correct as to how the IRS will have to proceed from now until December 31.

Mr. ASHBROOK. I thank my colleague. And with that assurance, and with the gentleman's record for accuracy, I will not offer the amendment at this point.

Mr. FUQUA. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I would like to inquire of the gentleman from Alabama (Mr. BEVILL) regarding the intent of the language in section 101(e) on page 6 of the bill.

Is it the committee's intention that if there is no additional authorizing legislation enacted by the Congress, this bill would provide funds to continue the Clinch River reactor project authorized by section 106 of Public Law 91-273, as amended, at the same level as provided in fiscal year 1979?

Mr. BEVILL. Mr. Speaker, if the gentleman will yield, the gentleman is absolutely correct. That is the intention.

I think that is made clear in the last sentence of the relevant language on page 5 of the report:

Recognizing the importance and potential of a viable breeder reactor as an energy option for this Nation, as well as the continuing efforts to resolve the various issues, the committee has provided the funding necessary to carry out the Clinch River project or a project alternative approved by Congress in authorizing legislation at the rate of operations provided in fiscal year 1979.

Right now, Clinch River is the only breeder reactor demonstration project specifically approved by Congress in authorizing legislation. We are providing funds to continue this project at the fiscal year 1979 rate of operations unless Congress authorizes an alternative, in which case the funds could be used as specified for the alternative project.

We think this is the most appropriate way of dealing with this issue, which essentially follows the approach for fiscal year 1979. In commenting on the bill last year, the President stated:

In a constructive step, this bill provides that decisions on the Clinch River Breeder Reactor project—or possible alternatives—will be determined in the Department of Energy authorization bill, the appropriate place to resolve this issue.

We agree that the appropriate place to resolve this issue is in the authorizing process and have provided funding in this manner so as not to foreclose any option of the Congress.

Mr. FUQUA. Mr. Speaker, I want to thank the gentleman for his explanation, and I appreciate the cooperativeness his subcommittee has given to the Committee on Science and Technology on the many projects we are jointly interested in.

Mrs. BOUQUARD. Mr. Speaker, will the gentleman yield?

Mr. FUQUA. I yield to the gentleman from Tennessee.

Mrs. BOUQUARD. I thank the gentleman for yielding?

Mr. Speaker, when does the gentleman anticipate we will complete the authorizing legislation?

Mr. FUQUA. As soon as the leadership schedules it on the floor, and I hope it will be very soon.

Mrs. BOUQUARD. I thank the gentleman.

AMENDMENT OFFERED BY MR. LUNGREN

Mr. LUNGREN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUNGREN: Immediately after section 101(d), add the following new language: "No funds contained in this section shall be used to remodel the gallery in Statuary Hall in the Capitol into carrels or into any other structures constituting additional office or work space for Members of Congress."

Mr. LUNGREN. Mr. Speaker, I do not know how many of my colleagues are aware of the fact that there is a plan to remodel the gallery above Statuary Hall in the Capitol in the 42 working carrels or cubbyholes, for use by the Members of Congress.

The suggestion for the project came from the Select Committee on Committees, and I understand that the money for these new structures, if they are approved by the House Office Building Commission, will come from the contingency fund of the House Architect. These new carrels are supposed to be built to give Members another place near the door to make telephone calls and studies, so we supposedly will not have to run back and forth between the floor and our offices so much.

I am very disappointed that this is the first substantive recommendation coming out of the Select Committee on Committees. It does not deal with the problem of reorganizing the Congress and the committee structure, but, is a rather superficial, cosmetic approach to that situation.

Members have not been asked, moreover, if they want this space or if they need it, and that is simply why I am offering this amendment today. The amendment is simple. It says no to the new project by cutting off the funds to build it. I do not think we need additional workspace for the Members. If we are harried in our duties, it is because of the many conflicts between our committees and subcommittees and assignments on the floor. We need to straighten out and revise our scheduling and also consider the important question of how we can consolidate committees and subcommittees, but we do not need to build more hideaways in the Capitol for Members.

Also—and I think this is extremely important—we are dealing with an historic area of the Capitol, and I do not think we should be making it into, as this proposal suggests, lockers and telephone booths without at least having hearings on it and a vote on the floor. It is for that reason that I ask the Members to support this amendment.

Mr. DORNAN. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from California.

Mr. DORNAN. I thank the gentleman for yielding, and I vigorously support the gentleman's amendment.

Mr. Speaker, I remind this House that there was at one time a majority vote to stop the reconstruction of the Old Senate Chamber and to rebuild that beautiful Statuary Hall. They wanted to make it

into banquet halls or reception halls, and they said this was a working building. Of course, it is both an historic building, as the gentleman pointed out, and a working building; and to demean that hall, where sat six Presidents of the United States when they were Members of this House, and Davey Crockett left that hall to ride to the Alamo, to turn that place into, as the gentleman put it, cubbyholes, with phone booths, they should find ground below in the basement level, use the old bakery they discovered under the parking lot from the Civil War, replaster that and put workers in there, if they want, but they should not destroy that beautiful, historical, original House of Representatives hall where this body sat for 50 years.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

Mr. Speaker, I agree with the gentleman from California. I do not think most Members of this House even know what is going on in this particular instance. Probably most of them have not even heard about it. It has gotten very little publicity. I do not even know by whose authority this is being done or where the money is going to come from. It certainly was not appropriated by this Congress; it was not authorized by this Congress. The area affected is part of the Chambers and halls of the House of Representatives, which are under the jurisdiction of the Congress itself. It is my information that thousands of dollars have been spent to restore the old House Chamber to its present state, as close to historical accuracy as research will permit. Draperies, such as were shown in the painting by Samuel F. B. Morse, brass lighting fixtures, and restoration of fireplaces has taken place, and now we are told that this area is going to be turned into some sort of mini-office for Members who may wish to do their work there instead of on the House floor or in their own offices.

I think the proposal is nonsense. We might as well dispose of it now as later.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Illinois.

Mr. MICHEL. I want to commend the gentleman for bringing this question before the House. I might say that when we rework the legislative appropriation bill, which has not yet come back to the House again after having first been defeated, we intend to look at this proposal and have language in our legislative appropriation bill, that would, in effect, do what the gentleman is proposing to do by way of his amendment.

□ 1240

I support what the gentleman is attempting to accomplish, but I wanted to let him know that had we had the legislative appropriation bill first, we already would have taken care of it.

Mr. LUNGREN. I understand that. I would like an up-and-down vote on this question so we can solve it right now.

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. I thank the gentleman for yielding.

I agree with the statement to the effect that I really honestly feel that this undertaking would be a desecration of the old House Chamber. Unfortunately, I am not sure I understood exactly what my friend from Maryland said with respect to it.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. LUNGREN) has expired.

(At the request of Mr. THOMPSON and by unanimous consent, Mr. LUNGREN was allowed to proceed for 2 additional minutes.)

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. If I understood the gentleman from Maryland, he was talking about the sconces, the chandelier, and the draperies. I did not get whether he felt it was wrong to do that or not.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

I think, as a very historic room, it is a good idea for the American public to be able to see the restored House Chamber. This proposal is so inconsistent with that restoration and the moneys spent that it ought to be defeated on that ground alone.

Mr. THOMPSON. I do understand, and I thank the gentleman.

I wanted to make it clear that the restoration of the Chamber into its present state was brought about by the discovery of a very large and magnificent painting in the national collection done by Samuel F. B. Morse, the inventor of the telegraph.

Now, I felt for a long time that the statues in there are a desecration for the Chamber and that they should be removed. I certainly would not add anything to the gallery, and I do hope that that is not done. I hope further that one day appropriate places are found for the statues and that that Chamber can be restored as nearly as possible, without of course the inclined floor, to its original state.

Mr. LUNGREN. I thank the gentleman. I yield back the balance of my time.

Mr. WHITTEN. Mr. Speaker, I rise in support of the amendment.

I agree with the gentleman's amendment. As far as I am able to, I accept the amendment. I would like to have a rollcall in support of the amendment, for the record.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California (Mr. LUNGREN).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CONTE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 371, nays 31.

answered "present" 1, not voting 31, as follows:

[Roll No. 481]

YEAS—371

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Atkinson
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bellenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courtner
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Drinan
Duncan, Tenn.
Early
Edgar

Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Gaydos
Gephardt
Gialmo
Gilman
Ginn
Glickman
Gonzalez
Goodling
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammer
Hanschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.

Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McDade
McDonald
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Panetta
Pashayan
Paul
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal

Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spelman
Spence
St Germain

Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Thurman
Tibbles
Trible
Udall
Ullman
Van Deeren
Vanik
Vento
Volkmmer

NAYS—31

Aspin
AuCoin
Baldus
Bingham
Bolling
Breaux
Clay
D'Amours
Eckhardt
Fisher
Hawkins

Holtzman
Kostmayer
Long, La.
McCormack
Mitchell, Md.
Oberstar
Obey
Ottinger
Patten
Patterson
Petri

ANSWERED "PRESENT"—1

Mikva

NOT VOTING—31

Addabbo
Anderson, Ill.
Badham
Boland
Brinkley
Brown, Ohio
Burton, John
Butler
Carter
Diggs
Dougherty

Downey
Duncan, Oreg.
Flood
Frenzel
Garcia
Gibbons
Gingrich
Goldwater
Hagedorn
Hollenbeck
Howard

□ 1250

Messrs. SWIFT, PHILLIP BURTON, and DINGELL changed their votes from "nay" to "yea."

Ms. HOLTZMAN changed her vote from "yea" to "nay."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the joint resolution and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BAUMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 191, noes 219, not voting 24, as follows:

[Roll No. 482]

AYES—191

Addabbo
Akaka
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
Bailey
Baldus
Barnes
Bellenson
Benjamin
Biaggi
Bingham
Blanchard
Boggs
Bolling
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Broyhill
Burgener
Burlison
Burton, Phillip
Chappell
Chisholm
Clay
Coelho
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Daniel, Dan
Daniel, R. W.
Danielson
Davis, S.C.
Dellums
Derrick
Derwinski
Dicks
Dingell
Dixon
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Del.
Evans, Ga.
Fary
Fascell
Fazio
Findley
Fish
Fisher
Florio
Foley
Ford, Mich.

Ford, Tenn.
Forsythe
Garcia
Gaydos
Gialmo
Gibbons
Ginn
Gonzalez
Gray
Green
Guarini
Harris
Hawkins
Heckler
Hefner
Hinson
Holland
Hollenbeck
Horton
Hughes
Hyde
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
LaFalce
Lederer
Lehman
Leland
Lewis
Long, La.
Long, Md.
Lott
Lowry
McCloskey
McCormack
McDade
McEwen
McKay
Madigan
Martin
Michel
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oberstar
Obey

Ottinger
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Rahall
Railsback
Rangel
Reuss
Richmond
Roberts
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Sabo
Satterfield
Scheuer
Seiberling
Shannon
Simon
Slack
Smith, Iowa
Solaz
St Germain
Staggers
Stanton
Stark
Steed
Stewart
Stokes
Swift
Thompson
Traxler
Tribble
Ullman
Van Deeren
Vanik
Vento
Waxman
Weiss
White
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolf
Wright
Wyatt
Yates
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NOES—219

Abdnor
Albosta
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bereuter
Bethune
Bevill
Boner
Bowen
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Byron
Campbell
Carney
Carr
Cavanaugh

Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Courtner
Crane, Daniel
Crane, Philip
D'Amours
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Devine
Dickinson
Dodd
Donnelly
Dornan
Drinan
Duncan, Tenn.
Edgar
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Ind.
Fenwick
Ferraro
Fithian

Flippo
Fountain
Fowler
Frost
Fuqua
Gephardt
Gilman
Gingrich
Glickman
Goodling
Gore
Gradison
Gramm
Grassley
Grisham
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammer
Hanschmidt
Hance
Hanley
Hansen
Harkin
Harsha
Heftel
Hightower
Hillis
Holt
Holtzman
Hopkins
Hubbard

Huckaby	Mica	Shumway
Hutto	Miller, Ohio	Shuster
Ichord	Mitchell, N.Y.	Skelton
Ireland	Moffett	Smith, Nebr.
Jacobs	Mollohan	Snowe
Jeffords	Montgomery	Snyder
Jeffries	Moore	Solomon
Kazen	Moorhead,	Spellman
Kelly	Calif.	Spence
Kemp	Mottl	Stack
Kildee	Murphy, Pa.	Stangeland
Klindness	Neal	Stenholm
Kogovsek	Nelson	Stockman
Kostmayer	Nichols	Stratton
Kramer	O'Brien	Studds
Lagomarsino	Panetta	Stump
Latta	Pashayan	Symms
Leach, Iowa	Paul	Synar
Leach, La.	Petri	Tauke
Leath, Tex.	Pursell	Taylor
Lee	Quayle	Thomas
Lent	Quillen	Udall
Levitas	Ratchford	Vander Jagt
Lloyd	Regula	Volkmer
Loeffler	Rhodes	Walgren
Lujan	Rinaldo	Walker
Luken	Ritter	Wampler
Lundine	Roth	Watkins
Lungren	Rousselot	Weaver
McClory	Royer	Whitehurst
McDonald	Rudd	Whitley
McHugh	Runnels	Whittaker
Maguire	Russo	Williams, Mont.
Markey	Santini	Wirth
Marlenee	Sawyer	Wolpe
Marriott	Schroeder	Wylder
Mathis	Sebellus	Wyllie
Matsul	Sensenbrenner	Yatron
Mattox	Sharp	Young, Fla.
Mavroules	Shelby	
Mazzoli		

NOT VOTING—24

Anderson, Ill.	Dougherty	Livingston
Badham	Downey	McKinney
Boland	Duncan, Ore.	Marks
Brinkley	Flood	Mikva
Burton, John	Frenzel	Pickle
Butler	Goldwater	Schulze
Carter	Hagedorn	Treen
Diggs	Howard	Winn

□ 1310

The Clerk announced the following pairs:

On this vote:

Mr. Howard for, with Mr. Boland against.
Mr. Schulze for, with Mr. Hagedorn against.
Mr. Dougherty for, with Mr. Goldwater against.

Until further notice:

Mr. Duncan of Oregon with Mr. Anderson of Illinois.
Mr. Brinkley with Mr. Badham.
Mr. Mikva with Mr. Carter.
Mr. Downey with Mr. Livingston.
Mr. John L. Burton with Mr. Marks.
Mr. Diggs with Mr. McKinney.
Mr. Flood with Mr. Winn.
Mr. Pickle with Mr. Frenzel.

Mr. PEPPER changed his vote from "nay" to "yea."

Messrs. VOLKMER, MARRIOTT, and WALGREN changed their votes from "yea" to "nay."

So the joint resolution was rejected.
The result of the vote was announced as above recorded.

CONGRESSIONAL PAY RAISE JUSTIFIED

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. My colleagues in the Congress, the vote we have just taken obviously was on a continuing resolution but it was not that vote we were involved with, we were involved with a pay-raise vote.

Mr. Speaker, I just wonder what the American public must think of the kind of men and women we are. Do we not have the same problems that everyone else in this country is facing today? Are we not faced with the situation of paying bills and sending kids to school, making mortgage payments, monitoring two homes?

I do not know what this Congress is so afraid of, Democrats and Republicans alike, who are not willing to stand up and say they are worth at least a partial inflationary increase of 7 percent. My good Lord, we have problems of our own.

The public is mad at us because we cannot move ourselves on energy and do something about the real problems of inflation. Those who will go home and beat their breast and say, "We have really helped inflation, we did not take a 7-percent raise." You are not going to elect anybody on the basis of that. You are not going to convince your public that now you are worthy to be reelected to the Congress because you did not vote yourself a 7-percent pay raise. When are we going to get the guts to do what we ought to do on all these issues, but particularly on this one as to what we are worth?

CONGRESSIONAL PAY RAISE NOT JUSTIFIED AT THIS TIME

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. I would like to speak to my colleagues. We have taken a pick-pocket's way of taking other people's money out of their pockets. I do not say that a lot of people do not need a pay raise and I am not sure I would not have voted for an honest one. But what have we done? We avoided the issue by refusing a recorded vote.

It is against the law in New Jersey, in Michigan, and in a number of other States to vote for a pay raise for the same congress. Until we get that in order, we are not living up to an acceptable standard. We have tremendous inflation; we have millions of people living in this country on a fraction of our wages; I am not saying that a wage rise might not be in order, but this is not the way to do it. This is a pick-pocket's way. We have justified the contempt the people have for this Congress.

□ 1320

IF WE DO NOT DESERVE A PAY RAISE, THEN RESIGN

(Mr. YOUNG of Alaska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, I rarely take the floor on any other issue than what concerns Alaska, but there is one thing about Alaskans. We are proud of what we are. I have just seen a vote that shows me this body is damn poorly proud of themselves.

I just spoke to some people about this pay raise, if we can call it a pay raise. If you look at it, it is not much, but at least

it was significant in the fact that we were gaining some money which I think we deserve. If you do not deserve it, then resign.

I have said before, I will vote for any pay raise that comes before the floor of this House and take the challenge of my opponents; at least I know if he defeats me, he will be paid properly.

Now, I have responsibilities. You have responsibilities; but I do not have any money in the bank. You know my record. I do not have it there.

I am getting tired of this body weaseling around demeaning yourselves, saying, "I am not worth the money."

We have not had the pay raises. I will tell you, I may be out of line, but I am proud of my job and I am worth every cent I get. If you are not proud, get out of the House; but do not demean yourselves. Get the money that you deserve. If you do not think you are worth it, then I very frankly am very disappointed in all of you.

PAY RAISE NOT THE ONLY THING IN THE CONTINUING RESOLUTION

(Mrs. BOUQUARD asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BOUQUARD. Mr. Speaker, I think we should remind ourselves as a body that we voted on something more than a pay raise. Regardless of your feelings, and I personally rose in opposition to the pay raise, there are a number of other issues which merited our support.

There were such vital issues as the Clinch River breeder reactor involved in this legislation. We have HEW programs, vital transportation programs.

I think we should stop patting ourselves on the back and recognize what we have really done in this vote.

Mr. Speaker, I must admit that I am somewhat puzzled at the reaction to the vote just taken. Those of us who rose in opposition to the pay raise when the amendment was offered were in the distinct minority. Now, on final passage of the measure, when a number of issues are being considered, the resolution is defeated.

My position against salary increases is clear and unequivocal, but I hope those Members who are now rejoicing in the defeat of this resolution recognize that they have not only prevented the 7-percent pay raise, they have also rejected funding for a number of programs which are worthy of support. The Clinch River breeder reactor project, an energy project vital to the long-term future of our country, has been threatened by today's action. Labor and HEW programs, community service programs, and water resource development projects have all been rejected along with the pay raise.

If as many Members who voted against this measure on final passage had been willing to oppose adoption of the pay raise when that single issue was considered, then the House might have avoided the embarrassing position in which we now find ourselves.

SECOND CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1980

Mr. GIAIMO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the U.S. Government for the fiscal year 1980.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Connecticut (Mr. GIAIMO). The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution, House Concurrent Resolution 186, with Mr. NATCHER in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee rose on Monday, September 17, 1979, all time for general debate on the concurrent resolution had expired.

Pursuant to clause 8 of the rule XXIII, the concurrent resolution is considered as having been read for amendment and open to amendment at any point.

The concurrent resolution reads as follows:

H. CON. RES. 186

Resolved by the House of Representatives (the Senate concurring), That, the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is \$519,500,000,000, and the amount by which the aggregate level of Federal revenues should be increased is \$5,300,000,000;

(2) the appropriate level of total new budget authority is \$632,557,000,000;

(3) the appropriate level of total budget outlays is \$548,725,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$29,225,000,000; and

(5) the appropriate level of the public debt is \$886,125,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is \$56,125,000,000.

Sec. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be \$16,000,000,000.

Sec. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310 (a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, \$138,156,000,000;

(B) Outlays, \$128,527,000,000.

(2) International Affairs (150):

(A) New budget authority, \$13,143,000,000;

(B) Outlays, \$8,772,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, \$5,833,000,000;

(B) Outlays, \$5,662,000,000.

(4) Energy (270):

(A) New budget authority, \$36,266,000,000;

(B) Outlays, \$8,801,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, \$12,525,000,000;

(B) Outlays, \$12,026,000,000.

(6) Agriculture (350):

(A) New budget authority, \$4,983,000,000;

(B) Outlays, \$2,542,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, \$6,778,000,000;

(B) Outlays, \$2,828,000,000.

(8) Transportation (400):

(A) New budget authority, \$19,610,000,000;

(B) Outlays, \$18,651,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, \$8,891,000,000;

(B) Outlays, \$8,289,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, \$31,491,000,000;

(B) Outlays, \$31,471,000,000.

(11) Health (550):

(A) New budget authority, \$58,767,000,000;

(B) Outlays, \$54,715,000,000.

(12) Income Security (600):

(A) New budget authority, \$217,658,000,000;

(B) Outlays, \$188,795,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, \$21,607,000,000;

(B) Outlays, \$20,851,000,000.

(14) Administration of Justice (750):

(A) New budget authority, \$4,269,000,000;

(B) Outlays, \$4,468,000,000.

(15) General Government (800):

(A) New budget authority, \$4,484,000,000;

(B) Outlays, \$4,301,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, \$9,076,000,000;

(B) Outlays, \$9,075,000,000.

(17) Interest (900):

(A) New budget authority, \$58,038,000,000;

(B) Outlays, \$58,038,000,000.

(18) Allowances (920):

(A) New budget authority, \$482,000,000;

(B) Outlays, \$453,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, —\$19,600,000,000;

(B) Outlays, —\$19,600,000,000.

Sec. 4. The Congress projects the following budget aggregates for fiscal years 1981–1982, based on the policies assumed in sections 1 and 3—

(1) the level of Federal revenues is as follows:

Fiscal year 1981: \$605,700,000,000;

Fiscal year 1982: \$704,500,000,000;

(2) the level of total new budget authority is as follows:

Fiscal year 1981: \$666,938,000,000;

Fiscal year 1982: \$728,866,000,000;

(3) the level of total budget outlays is as follows:

Fiscal year 1981: \$604,327,000,000;

Fiscal year 1982: \$655,821,000,000;

(4) the amount of surplus in the budget is as follows:

Fiscal year 1981: \$1,673,000,000;

Fiscal year 1982: \$48,679,000,000;

(5) the level of the public debt is as follows:

Fiscal year 1981: \$916,225,000,000;

Fiscal year 1982: \$907,925,000,000.

Sec. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control

over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

The CHAIRMAN. Are there amendments?

The chair recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I move that the Committee do now rise and report the concurrent resolution back to the House.

Mr. BAUMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-eight Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1330

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Are there any amendments to be offered?

Mr. LATTI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, let me explain to the House that there was a sudden change in the program. The minority was advised that we would take up the Federal Trade Commission resolution, and we were prepared on this side to go forward with that matter.

As a consequence, when the decision was made, without notifying us, that we would take up the budget resolution, we had to alert the staff to bring over our substitute resolution, and they are now en route to the House with that substitute resolution which we plan to offer now.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LATTI

Mr. LATTI. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will report the substitute amendment.

Mr. GIAIMO. Mr. Chairman, I reserve a point of order against the substitute amendment.

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) reserves a point of order against the substitute amendment.

The Clerk will report the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. LATTI: Strike all after the resolving clause and insert in lieu thereof the following:

that the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is \$510,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is \$13,000,000,000;

(2) the appropriate level of total new budget authority is \$594,700,000,000;

(3) the appropriate level of total budget outlays is \$529,800,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$19,800,000,000; and

(5) the appropriate level of the public debt is \$877,275,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is \$47,275,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be \$16 billion.

SEC. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310 (a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, \$141,200,000,000;

(B) Outlays, \$129,000,000,000.

(2) International Affairs (150):

(A) New budget authority, \$11,000,000,000;

(3) General Science, Space, and Technology (250):

(A) New budget authority, \$5,500,000,000;

(B) Outlays, \$5,400,000,000.

(4) Energy (270):

(A) New budget authority, \$24,000,000,000;

(B) Outlays, \$8,500,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, \$11,200,000,000;

(B) Outlays, \$11,700,000,000.

(6) Agriculture (350):

(A) New budget authority, \$5,000,000,000;

(B) Outlays, \$2,500,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, \$6,800,000,000;

(B) Outlays, \$2,800,000,000.

(8) Transportation (400):

(A) New budget authority, \$17,800,000,000;

(B) Outlays, \$17,500,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, \$8,100,000,000;

(B) Outlays, \$8,100,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, \$28,100,000,000;

(B) Outlays, \$28,900,000,000.

(11) Health (550):

(A) New budget authority, \$56,800,000,000;

(B) Outlays, \$53,400,000,000.

(12) Income Security (600):

(A) New budget authority, \$208,200,000,000;

(B) Outlays, \$183,900,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, \$21,400,000,000;

(B) Outlays, \$20,600,000,000.

(14) Administration of Justice (750):

(A) New budget authority, \$3,600,000,000;

(B) Outlays, \$4,200,000,000.

(15) General Government (800):

(A) New budget authority, \$4,300,000,000;

(B) Outlays, \$4,100,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, \$8,500,000,000;

(B) Outlays, \$8,500,000,000.

(17) Interest (900):

(A) New budget authority, \$56,900,000,000;

(B) Outlays, \$56,900,000,000.

(18) Allowances (920):

(A) New budget authority, —\$4,100,000,000;

(B) Outlays, —\$3,700,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, —\$19,600,000,000;

(B) Outlays, —\$19,600,000,000.

SEC. 4. The Congress recommends the following budget aggregates for the fiscal years 1981–82—

(1) the level of Federal revenues is as follows:

Fiscal year 1981: \$567,000,000,000; and the amount by which the aggregate level of Federal revenues should be decreased is \$29,000,000,000.

Fiscal year 1982: \$624,000,000,000; and the amount by which the aggregate level of Federal revenues should be decreased is \$79,000,000,000.

(2) the level of total new budget authority is as follows:

Fiscal year 1981: \$624,100,000,000

Fiscal year 1982: \$667,800,000,000

(3) the level of total budget outlays is as follows:

Fiscal year 1981: \$564,000,000,000

Fiscal year 1982: \$592,000,000,000

(4) the amount of surplus in the budget is as follows:

Fiscal year 1981: \$3,000,000,000

Fiscal year 1982: \$32,000,000,000

(5) the level of the public debt is as follows:

Fiscal year 1981: \$906,100,000,000

Fiscal year 1982: \$914,500,000,000

SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980 the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

Mr. LATTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GIAIMO. Mr. Chairman, reserving the right to object and reserving my right to insist on my point of order, may I ask the gentleman a question?

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) is recognized.

Mr. GIAIMO. Mr. Chairman, the reason I reserved a point of order on the amendment in the nature of a substitute is that I did not have a copy of the substitute and, therefore, did not have an opportunity to look it over. It has four pages that are filled with all kinds of numbers.

Can the gentleman from Ohio (Mr. LATTA) assure us that it is mathematically consistent?

Mr. LATTA. Mr. Chairman, I have been so assured by the staff.

Mr. GIAIMO. Mr. Chairman, I with-

draw my reservation of objection, and I withdraw my point of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio? There was no objection.

The CHAIRMAN. The gentleman from Connecticut, Mr. GIAIMO, has withdrawn his point of order on the amendment in the nature of a substitute.

The gentleman from Ohio (Mr. LATTA) is recognized for 5 minutes in support of his amendment in the nature of a substitute.

Mr. LATTA. Mr. Chairman, yesterday I described in detail why the committee-reported second budget resolution was bad news for the economy and the taxpayers of this country. Therefore, today I intend only to summarize why this resolution we have before us, for which we hope to substitute our resolution that I have offered, is bad news.

My colleagues know that the deficit being proposed is exactly the same as the deficit for this year, fiscal year 1979; namely, \$29 billion. They also know—and the Committee on the Budget admits this, as a matter of fact—that a \$29 billion deficit in 1980 effectively rules out a balanced budget in 1981, even with the tax increases built into the committee's resolution.

Let us think of this one inescapable fact: When we are running for reelection next year, the budget will not be in balance, even though a substantial majority of the Members of the 96th Congress ran on a platform premised on a balanced budget. Over on my side of the aisle, we deplore this fact, but the people understand that as a minority party we cannot control the actions of this Congress.

But what about those on the majority side? How are they going to get off the hook? How are they going to explain their vote conscientiously to not balance the budget in 1981?

The substitute I have just introduced on behalf of all the Members of the minority gives all the Members in this chamber a chance to put their money where their mouths have been.

This substitute would do three principal things:

First. It would lower the deficit by \$10 billion. Our figure is \$19.8 billion, as compared with the committee's \$29.2 billion.

Second. It would provide for a \$20 billion tax cut beginning January 1. The committee continues its policies of tax increases, I might point out.

Third. Finally, and most important, our substitute will balance the budget in the next fiscal year, fiscal year 1981, as compared with yet another deficit under the majority's plan, and balances the budget at a far lower rate of taxation.

Our Republican substitute will reduce inflation, increase productivity through greater capital investment, increase employment—and by "employment" I do not just mean jobs, I mean well-paying jobs in the private sector—reestablish a pattern of strong economic growth, and generate funds for high priority public needs.

Let me summarize what is in our substitute and tell the Members what they must do to make it a reality.

First, we are providing for a spending increase—and I stress "increase"—over

fiscal year 1979 of \$33.6 billion. In budget authority, we are providing for an increase of \$38.5 billion over fiscal year 1979.

□ 1340

We have a \$20 billion tax cut and have reduced the deficit to \$19.8 billion. On this latter point, let me say that I am not the least bit happy with a deficit of that size, but I am realistic enough to know that so much of the spending that will take place in 1980 is the result of entitlement programs and commitments made in prior years, that the printing presses of the Federal Government cannot be turned off overnight without bringing on a depression which will certainly scorch your hair.

I believe our alternative is a very lean, tight, and austere budget. It will not be easy to hold the growth of spending to \$33.6 billion over fiscal year 1979. I might even add that it will be downright difficult. But the risk of added inflation and higher unemployment makes this restraint absolutely necessary.

In the past I have talked about the need to cut out the fat in the Federal budget, the need to eliminate waste and fraud. We cannot hold the budget growth down merely by trying to force operating efficiencies, for example, on HEW alone. What we must do—and I address this as much to Members on my side of the aisle as to the majority—is to take a hard look at all of the programs in the Federal budget and decide which ones, worthy as they may be, simply are less important than balancing the budget and licking inflation.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. LATTA. Mr. Chairman, there are many programs in the budget which are good and accomplish many worthwhile things. But we simply do not have the money to fund all of them. I know my good friend, the chairman of the Budget Committee, will rise and demand where we want to "cut" the budget, and I will save him the bother by answering that question right now.

First, our substitute, as I indicated earlier, provides for \$33.6 billion more spending in 1980 than in 1979, and that, in my humble judgment, is hardly a cut.

Secondly, the authors of the Congressional Budget Act specifically did not intend for the Budget Committee to get into programmatic funding decisions. If the budget resolutions were supposed to list program levels, we would be using an appropriation bill format instead of the general functional categories.

Our substitute does as much as is allowed under the Budget Act. It spells out proposed funding levels for large groupings of programs called functions and properly leaves to the legislative committees of the House the chore of dividing up the pie among those programs they deem most worthy. We are not mandating a reduction in any particular program below the funding set forth in the Budget Committee's recommendation even though most call for considerably more spending than in fiscal year 1979.

CXXV—1595—Part 19

so the big spenders cannot refer to their most popular programs in a particular function, for example, social security, and claim our substitute cuts that particular program. This is simply not true, and I trust the Members of the House will not fall for this argument this time.

Briefly, let me touch on some of the most important parts of our substitute.

National defense is the first and foremost responsibility of the Federal Government. It is the responsibility we have actually neglected in recent years, and that neglect has resulted in our deteriorating influence in the world, and the looming Soviet superiority in strategic weapons is some indication of this.

We provide for a 3-percent real growth in budget authority, while the committee allows for less than 1 percent growth in real dollars. Our figure is the same as that recommended last week by the administration.

In energy we provide for substantial real increases over 1979, including an outlay increase of \$2 billion over the first resolution, to enable the Congress to enact additional energy initiatives this session. We have not provided as large a budget authority increase as proposed by the committee because substantially larger appropriations can be neither wisely spent nor committed during the next 12 months, and this has certainly been indicated by the President in his recent statement.

Mr. ICHORD. Mr. Chairman, will the gentleman yield on the point of national defense?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I am constrained to support the amendment of the gentleman from Ohio because of the 3-percent increase in spending for defense, and I would point out that this is a primary constitutional duty of this body, to provide for the national defense of the Nation.

I realize, I would say to the gentleman from Ohio, that it is impossible to keep philosophy from creeping into budgeting, that is, your philosophy automatically creeps in when you make estimates and guesstimates, of about what the revenues will be, what the expenditures will be, what the tax take will be, and so forth.

The gentleman is setting up a smaller deficit than the Budget Committee. The gentleman is obviously increasing the revenues. Where is the gentleman getting the revenues? Where does the gentleman estimate the extra revenues will come from?

Mr. LATTA. Mr. Chairman, let me say to my friend, the gentleman from Missouri, that we are not increasing taxes. We are not doing that, but we are cutting back, as I indicated, on expenditures. With a \$20 billion tax cut, which will take effect under our proposal in January, there will be three-quarters of fiscal year 1980, and with the plowback, as they call it, or the amount that will come back into the Treasury to give the tax cut, we end up with only about \$8 billion of that \$20 billion being effected in fiscal year 1980.

The CHAIRMAN. The time of the gen-

tleman from Ohio (Mr. LATTA) has expired.

(By unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. LATTA. With the additional restraints in spending that we have in our budget, we can come up with the figures that I have just outlined.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I would just like to get a little clarification on some of the things the gentleman has done. The gentleman realizes that none of us on this side have laid eyes on this substitute until 5 minutes ago.

Mr. LATTA. Mr. Chairman, may I say to my good friend that we will give him ample time to look it over.

Mr. GIAIMO. An item which deals with \$632 million, it would have helped that we had a little more time. But let me just ask the gentleman this: As the gentleman knows, our resolution proposes a deficit of \$29.2 billion. As I understand the gentleman's figures, the gentleman is proposing a deficit of \$19.8 billion, roughly \$10 billion less in deficit than the \$29 billion that we had projected. At the same time, the gentleman is reducing expenditures, is that right, by about \$20 billion in round figures?

Mr. LATTA. That is roughly correct.

Mr. GIAIMO. So if you start out with our \$29 billion deficit and you reduced outlays by \$20 billion, you would have a remaining deficit of \$9 billion. However, the gentleman is proposing a tax cut of about \$20 billion, of which, I am told, \$8 billion or \$10 billion will impact on the fiscal year; is that roughly correct or precisely correct?

Mr. LATTA. Let me just say to my friend that the gentleman is assuming that our tax cut would be for the whole fiscal year, which it is not. It would become effective, as I just explained to the gentleman from Oklahoma, on January 1 rather than October 1, and with the feedback of about 38 percent, we end up actually with only a loss of revenue through the tax cut of about \$8 billion.

Mr. GIAIMO. To get back to what I was trying to get clear from the gentleman, if you start with our deficit of \$29 billion and you take off \$20 billion in outlays, which the gentleman does, that gets you down to a deficit of \$9 billion. However, the gentleman proposes a deficit of \$19 billion. So therefore, what the gentleman is doing is, he is restoring \$10 billion in deficit because of the revenue losses, I take it; is that correct?

Mr. LATTA. I cannot answer the gentleman with his figures or say whether that is correct or not until I take a hard look at it. But we have come up with our figures via some restraints in spending, as I have already indicated, which are evidently not in the majority-passed resolution.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield on that point?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I think we should inform the distinguished chairman that,

while we are very sorry that he did not have a copy of this detail until about 5 minutes ago, this was in the public domain from yesterday afternoon at 2 p.m., when we released this and made it available to the press and anybody who wanted it. So it has been in the public domain for the past 24 hours.

Mr. GIAIMO. Mr. Chairman, if the gentleman will yield further, we asked the gentleman's staff for it this morning, and we were informed that it would not be available until after your meeting this morning. So, as far as I am concerned, it was not in the public domain.

Mr. SHUSTER. Mr. Chairman, I can only report that we passed it out at 2 o'clock yesterday afternoon.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Florida.

Mr. NELSON. Mr. Chairman, I would like to get some clarification from the gentleman from Ohio. I do not understand your figures. They do not seem to add up, to me.

Starting with the Budget Committee resolution of a \$29 billion deficit, the gentleman is cutting spending in his estimate by approximately \$20 billion. That would bring the deficit down to approximately \$9 billion. The gentleman is then further causing a revenue cut to occur through a tax cut of another \$8 billion. That would bring the deficit to about \$17 billion. Yet the gentleman is saying in his proposal the deficit is \$19.8 billion. Can the gentleman reconcile the figures for us, please?

□ 1350

Mr. LATTA. Certainly I cannot reconcile the gentleman's logic or his figures, either one. I will be happy to explain to the gentleman, however, where these cuts can be made and how we come up with these figures, because we are, as the chairman indicated, dealing with about a \$500 or \$600 billion matter.

Mr. ICHORD. Mr. Chairman, will the gentleman yield for clarification on that?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. ICHORD. I would assume that the gentleman is probably changing his revenue estimate, is he not? He would obviously have different revenue estimates—

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

(At the request of Mr. ICHORD and by unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. ICHORD. Will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. ICHORD. What are the revenue estimates, as compared to the revenue estimates of the Budget Committee?

Mr. LATTA. It is \$510 billion.

Mr. ICHORD. I beg your pardon?

Mr. LATTA. It is \$510 billion.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from New Mexico.

Mr. LUJAN. I should add the difference between the House Concurrent Resolution 186 and the Republican substitute. It indicates that the House Concurrent Resolution 86 increases spending by \$52 billion, and that the Republican substitute increases spending over last year by \$33 billion.

So I might ask the gentleman then, it is not correct, as we have heard today, that the Republican substitute reduces spending? As a matter of fact, there is a moderate increase over last year's budget; is that correct?

Mr. LATTA. I would not even call it moderate. It is \$33 billion. Where I come from, that is not moderate.

Mr. LUJAN. I might tell the gentleman that in comparison to the \$52 billion that is being proposed, the \$33 billion is moderate, but only by comparison. I understand what the gentleman is saying.

Mr. LATTA. If I may finish my statement, in agriculture, we concur with the committee estimates even though the actual amounts show a decrease from fiscal year 1979. By way of explanation, this is really not a decrease but rather a recognition that better than expected farm prices will drastically reduce the need for American farmers to rely on Government price support programs.

In education, training, employment, and social services, funding can be adjusted downward to reflect the fact that the CETA program has been little more than a form of revenue sharing to States and cities.

Likewise, we suggest a reduction in budget authority to reflect the fact that school enrollments are declining and that funding needs of education have and should remain the primary responsibility of State and local units of government.

In addition, the sponsors of the new Department of Education assured this House that greater operational efficiencies could be expected from this new bureaucracy, and we suggest these promises be reflected in the budget.

In the income security function, we show generous increases to cover higher social security payments, as well as providing funds to cover increases of those selected programs Congress feels are the most important in that particular function.

In the allowance function, we are proposing that a total of \$3.7 billion be saved in personnel and overhead costs in the Federal bureaucracy itself through modest staff reductions, through attrition, tighter travel restrictions, greater level of pay absorption, through increased productivity, and so forth.

Beyond these few examples, we are calling on the authorizing and appropriations subcommittees to make the basic choices.

We are saying that not every program can be funded at the high level you may wish. You tell us what programs are relatively less important and reduce, postpone, or eliminate funding for those with a higher rate of priority than balancing the budget and reducing inflation. I dare say there are few programs in the Fed-

eral budget which are more important than these goals.

In summary, Mr. Chairman, our substitute merely puts a little restraint on the growth of the Federal Government next year. Essential services need not be curtailed, but wasteful and lower priority programs will have to be set aside by the Congress.

Lastly, only by the adoption of this substitute can Members of the House achieve a balanced budget in 1981.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. SIMON. I thank the gentleman for yielding.

My distinguished colleague from Ohio pointed out the reductions in income security. That is an \$8.4 billion reduction in budget authority and \$4.4 billion reduction in outlay, as I read it.

Those are, to put it mildly, fairly substantial reductions in areas that cover social security and food stamps and things like that.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank the gentleman for yielding.

I would like to respond to the gentleman that when compared with the actual—

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

(At the request of Mr. SIMON and by unanimous consent, Mr. LATTA was allowed to proceed for 3 additional minutes.)

Mr. SHUSTER. If the gentleman will continue to yield, when compared with the actual spending levels of the last fiscal year, income security outlays are not reduced. They are very substantially increased. They are increased by 13.9 percent.

Now, while it is true that they are not increased as much as the budget resolution brought to the floor by the majority, the fact is it is not a decrease in income security over last year. It is a very substantial increase.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. SIMON. I would be very interested in having either the gentleman from Pennsylvania (Mr. SHUSTER) or the gentleman from Ohio (Mr. LATTA) tell us where they are getting that \$8.4 billion. Is this out of social security?

Mr. LATTA. As I indicated earlier to the gentleman, we are not about to start picking out these programs and say, "You take this money out of this particular program or out of that particular program." That is something for the authorizing committees to do and for the appropriations committees to do.

The gentleman knows, for he has been on the Budget Committee a long time, that we set the aggregates. We are not going to start telling the other committees what to do on this side of the aisle. You might start attempting to tell

them on that side of the aisle, but you are really, under the law, wasting your breath when you do that.

We are saying that we ought to restrain spending. In the income security function the minority substitute provides \$208 billion in budget authority and outlays of a \$183.9 billion, an increase in one single year in outlays of \$22.3 billion. That is a significant increase. That is a 13.9 percent of an increase over 1979 under our substitute. We think that is sufficient for the authorizing and appropriations committee to live with.

Mr. SIMON. If the gentleman will yield further, I would simply point out to my colleague that the first half of his answer is most significant. The gentleman from Ohio is not sure where it is coming from, and I suggest to my colleagues who have recipients of social security and other programs in their district, that they had better look very closely and hard before they vote for this amendment.

Mr. LATTA. I say in answer to my friend, if he would like to take it out of social security, that is up to him, but that is not my way of looking at it.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I think the great majority of this side of the aisle would not want to take it out of social security. We want it out of such things as food stamps and housing subsidies. There are many other programs which are candidates in income security, but we think that is for the authorizing committee to make that judgment. I know certainly this Member would be opposed to taking it out of social security.

Mr. GIAIMO. Mr. Chairman, I rise in opposition to the amendment.

□ 1400

Mr. Chairman, I think we ought to all recognize the fiscal sleight of hand which we are being exposed to here today. They do not want to tell us where to make the cuts; they want to leave it to the authorizing committees and to the Appropriations Committee. They do not want to take it out of social security; they really do not want to take it out of anyplace where it is going to hurt. They want us to grab it out of the air.

If my colleagues will look at function 920, allowances, I would ask my friend from Ohio, Mr. LATTA, on function 920, allowances, we had in there \$482 billion for allowances. The gentlemen have reduced that function by minus \$4.1 billion. Would the gentleman tell me what that means?

I guess they do not know what it means.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. Yes, I yield to the other gentleman from Ohio.

Mr. REGULA. Mr. Chairman, in response to the question of the gentleman, this would have to be absorbed by the agencies. We have repeatedly heard and read in the local news media of abuses in the agencies of travel, of excessive sal-

aries, of excessive numbers of employees, of throwing usable furniture away, for example, in several of the agencies in this city. One need only look at the daily paper to see many ways in which there are cuts in allowances which could be absorbed. I think we simply have to say to the agencies that they will have to share with the rest of the Nation in achieving spending restraint if we are going to deal with the problem of inflation.

Mr. GIAIMO. I would ask the gentleman did they do that in the appropriation bill for Labor, HEW when it came up, did you do it in the Defense bill, do you do it in the Interior bill, do you do it in all of the public works bills or any of those bills where you actually could reach in and find some of the money in savings? We had tried to do it last year, as the gentleman will recall, to the tune of \$1 billion. The gentleman will remember the agonies that we went through over that proposition.

The point is that what was done here is obvious. You could not allocate any more cuts to the functions, you have already cut those drastically, or did not put in the necessary money, if we use the gentleman's terminology. For example, in function 600, income security, that is the big one, that is the one that has social security and a lot of the other programs. Instead of \$217 billion my Republican colleagues provide \$208 billion, instead of the \$217 billion, a \$9 billion reduction. You went down the line and reduced the other functions and you still came up \$4 billion short, and then said, well, we will throw it into allowances, it is undistributed, they can get it out of the waste.

I wish we could, but the fact is we cannot.

Let me tell the gentleman something. When we put a budget together, the second budget resolution, we try to be responsible, we try to abide by the necessities and the demands that are put upon us to make certain that we meet the priorities of the people of this land. Throughout these months the various committees, the entitlement committees have acted, and particularly the Appropriations Committee has been acting in analyzing what the real needs are, whether it be in defense, whether it be in income security, whether it be in energy, whether it be in transportation, whether it be in education, in agriculture, and on and on. To come in here with a meat-ax approach and say we are going to cut \$20 billion in spending is not only unrealistic, I submit it is irresponsible.

To further compound that irresponsibility at a moment when inflation is so rampant in this land—I just heard earlier today that a big bank in New York just again raised the prime rate to 13½ percent—to come in here and suggest a tax cut which is going to further feed the flames of inflation is to take the money out of our people's pockets once again.

The gentleman is going to say oh, my people, my constituents, I am doing great things for you in Congress, I am voting a tax cut.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

(By unanimous consent Mr. GIAIMO was allowed to proceed for 5 additional minutes.)

Mr. GIAIMO. The gentleman is promising his constituents a tax cut which they will have to pay back at the grocery store when they buy food. They will pay back at the bank when they borrow money, and they will pay back when they go to buy an automobile. They will pay it back when they buy clothing or whatever they do. We have been trying to combat this kind of legislation.

We cannot do this with mirrors, as I have said before. We have put together a budget resolution which took cognizance of the real needs of our people, depending in large part on the recommendations of the various committees and the spending committees of the Congress. I submit we cannot go in and reduce that by \$20 billion.

In education my colleagues would go from \$31.4 to \$28.1, a \$3.3 billion cut in education. My friends, are you serious? Do you really think we can cut the education function by \$3 billion? Of course, you do not.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

First of all, I am sure that my colleague has studied this carefully enough to know—

Mr. GIAIMO. Not too carefully, because—

Mr. ROUSSELOT. I am sorry the gentleman has not.

Mr. GIAIMO. Not too carefully, because I just received a copy of this half an hour ago.

Mr. ROUSSELOT. If the gentleman will yield further, let me say if the gentleman would study it further he would note that in most of the functional categories it is not a cut, but a restraint in the increase, so nobody is being denied benefits.

Mr. GIAIMO. I will reclaim my time.

I will explain the old Republican-Democratic game of "it is not a cut," "it is not an increase." Bear in mind with a 13-percent inflation rate we have to increase the budget in order to stay at the same level of effort, without any new increase because inflation demands that we use more dollars to accomplish the same thing. If we do not provide that increase then, in effect, we are cutting the budget in real terms because of inflation, and that is what the gentleman is doing.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I will yield to the gentleman from California and then the gentleman from New York.

Mr. ROUSSELOT. Mr. Chairman, does the gentleman think that substantial increases such as in the committee budget of expenditures clear up to \$548 billion—that is a tremendous increase over this fiscal year—that that has no inflationary impact on the economy?

Mr. GIAIMO. I would say to the gentleman I want him to know that inflation is too rampant in our land.

Mr. ROUSSELOT. If the gentleman will yield further, we are well aware of that. We have been trying to tell you that for 5 years.

Mr. GIAIMO. It is so rampant that people are throwing away money. I just picked up a dime on the floor of the well here.

Mr. ROUSSELOT. Let me say the gentleman is right that inflation is rampant, and one of the causes of that inflation is overspending by Government.

Mr. GIAIMO. There is no question about it, there is no question about it. The gentleman knows that I have been down here arguing about that more than anyone in this Chamber.

Mr. ROUSSELOT. This huge increase that the committee is bringing before us, \$549 billion over the fiscal year 1979, which will spend roughly \$495 billion, that in itself is an inflationary target, and that is what the gentleman from Ohio is trying to attack.

Mr. GIAIMO. There is about a 1.8-percent increase in real terms over last year. The budgets for the last 5 years have increased an average of 3.4 percent in real terms. This budget has stopped this trend. It is less than 2 percent. If the gentleman considers the huge add-ons in defense, the increases, the real increases in the nondefense portion of the budget, they are less, are zero.

Mr. ROUSSELOT. I certainly do not agree with that point.

Mr. GIAIMO. They are less than 1 percent, less than 1 percent.

Mr. ROUSSELOT. I will say to the gentleman that his arithmetic is substantially off, and I thank the gentleman for yielding.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman. Mr. STRATTON. I appreciate the gentleman yielding to me. I do not want to interfere with his eloquent comments on the proposal offered by the gentleman from Ohio (Mr. Latta), but speaking as one member of the Armed Services Committee, let me just say that our committee is obviously concerned about where we stand in this budget resolution, and where we are going to stand eventually in fiscal year 1980 with respect to the defense area.

I must say, not being a budget expert, I am a little bit confused on the figures.

□ 1410

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(At the request of Mr. STRATTON and by unanimous consent, Mr. GIAIMO was allowed to proceed for 5 additional minutes.)

Mr. STRATTON. I wanted to have a little colloquy with the gentleman to try to understand exactly where we are. Now, I gather that the most authoritative statement in print occurs on page 29 of the committee's report, at which point are tabulated the figures for the President's original budget request, the President's amended request as of September

10; the first budget resolution; and the second budget resolution we now have under discussion.

I would like to ask the gentleman from Connecticut, first of all, whether the President's amended request of September 10 is the same as the figures contained in a letter which I understand the President addressed to the Congress yesterday, giving his final recommendations.

Mr. GIAIMO. I have not seen that letter which he addressed to the Congress yesterday. I can tell the gentleman that we have been in close contact and negotiations with the President and with the White House. He has informed me—and this was not yesterday, it was several weeks ago when I met with him—he would like \$141.4 billion, as I recall.

Mr. STRATTON. Well, the committee report to which I refer, if the gentleman will yield further, reads as follows on page 29, and I quote:

Mr. GIAIMO. Yes.

Mr. STRATTON [reading]:

The committee is aware that the President announced on September 10 that a budget amendment will be submitted which will substantially increase his request. However, few details of the new amendment are available at this time.

Mr. GIAIMO. That letter I know about.

Mr. STRATTON. What I am asking is, are the contents of that letter even greater in size than line 2 in this tabulation on page 29, the President's amended request as of September 10?

Mr. GIAIMO. How much is in this letter the gentleman is talking about?

Mr. STRATTON. I do not know. That is why I am asking.

Mr. GIAIMO. Well, all right, then I cannot respond if he has not even decided on a correct figure, but I will tell the gentleman what my understanding is.

Mr. STRATTON. That is what I am trying to find out. I am not arguing with the gentleman.

Mr. GIAIMO. The gentleman is asking me questions about a letter that, No. 1, I have not seen; and No. 2, does not even carry an amount in it.

Mr. STRATTON. I was advised by the office of the Secretary of Defense that the President had sent up an amended budget request either yesterday or the day before, and I just wanted to see how it compared with the figures that are printed here in the committee's report.

Mr. GIAIMO. Well, I have not seen the President's budget request of yesterday. I understand that the President is going to send up a budget request, a budget amendment, asking for additional moneys. My best understanding of that is that the President would like to have about \$141.4 billion in budget authority.

Our committee recognized this, the gentleman will recall, during markup, I recognize the need for additional moneys for petroleum increases because of inflation, for currency fluctuations because of inflation, and for the pay cap from 5.5 to 7 percent because of inflation. So, we put in \$1.4 billion in outlays. We added to the budget recommendation, making it \$138.2 billion, as opposed to \$141.4 billion. So, we are short \$3 billion, if the gentleman will bear with me, from the President.

Now, that \$138.2 billion translates into the defense appropriation bill, which is only one of the bills, as the gentleman knows, which provides for defense. That is the big one, but in addition to that, as the gentleman knows, we have the military construction bill also; we have defense items in the atomic energy public works function and in some other areas also. I understand that the full Appropriations Committee today recognized the need to meet some of the President's requirements. They had a meeting, I believe this morning, and I believe Mr. ADDABO proposed an increase in his bill which would translate as follows: He was about at \$127.4 billion, and he is up to \$129.4 billion as I understand it, which is basically on target with what the Budget Committee has recommended.

So, the answer to the gentleman's question is, we have approached significantly the increase which the President has asked for in defense. We have not, however—and I certainly do not want to mislead the gentleman—we have not gone in the direction which the other body has gone, and gone up that additional \$3 billion.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(At the request of Mr. STRATTON and by unanimous consent, Mr. GIAIMO was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. It is my understanding, if the gentleman will yield further, that the President has requested that there be a 3-percent increase in the defense function. I take it that his recommendation of \$141.4 billion in budget authority and \$130.6 billion in outlays represents, in his view, that 3 percent increase. Now, the figures that the gentleman is recommending here fall short by \$3.2 billion of the President's request in budget authority and \$2 billion short in outlays.

Mr. GIAIMO. No, less than \$2 billion, I believe, in outlays.

Mr. STRATTON. Well, according to the figures that are in the report, it is \$130.6 billion that the President wants in outlays.

Mr. GIAIMO. My understanding is that he wants—well, the \$129 billion is what is in the substitute. We are at \$128.5 billion. We are not very far apart in outlays.

Mr. STRATTON. Well, the Senate on yesterday added that 3 percent figure onto their budget resolution for 1980; and they added a 5-percent figure for the out years, which is a hoped-for figure, is that not correct? Is it likely that when our budget resolution gets into conference with the Senate, we will end up somewhere closer to the 3-percent figure?

Mr. GIAIMO. Well, it certainly is not likely to open the gap between us, I will say to my friend from New York. As the gentleman well knows, a conference is made up of all kinds of compromises. I fully expect that the other body will have to relinquish some of its demands, and I fully expect that we, in the spirit of

compromise, will have to relinquish some of ours.

It is not my intention to go up the \$3 billion in defense at this time. I would resist that because I believe it cannot be justified. However, I cannot anticipate what will happen in the conference. As the gentleman knows, in past years what has happened has been that the House in conference has gone up in defense items, and the other body has gone up in nondefense items.

Mr. STRATTON. If the gentleman will yield further, the Senate, as I understand it, has gone up 3 percent, but the House is now going up considerably less than 3 percent. If we are going to compromise between those two figures, it is still going to end up less than 3 percent. But I feel strongly that 3 percent is the very minimum that those of us who are concerned about defense, concerned about the Russians in Cuba, concerned about the Communist threat in Latin America—I would want to support in 1980 budget resolution. And I would like to see the Armed Services Committee end up behind this resolution.

Mr. GIAIMO. Of course, I want the support of the Armed Services Committee behind this resolution, but by the same token I cannot stand here and say to the gentleman yes, I am going to add the money that the Senate added, because that would not be the right way to go in in my opinion.

Mr. SHUSTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, it seems, by the cries of anguish of some of our friends on my right, that we perhaps have struck a raw nerve. We have heard very emotional statements about the Republican substitute being a meat-ax approach, to quote the distinguished chairman of the Budget Committee. We have heard an awful lot of emotional rhetoric in the past few minutes, but when we strip away the rhetoric and get down to the bitter facts, what are the incontrovertible facts? They are that this substitute is proposing over the past fiscal year, fiscal 1979, in which we are now, an increase in national defense outlays of 10 percent; an increase in international affairs of 2.6 percent.

□ 1420

An increase in general science, space, and technology of 8.1 percent.

An increase—and get this—in energy, of 24.8 percent.

A decrease of two-tenths of 1 percent in natural resources and environment.

We are in agreement on agriculture.

A 13-percent increase in commerce and housing credit.

A modest increase in transportation—not as high as I would like to see it, frankly.

A decrease of 9.5 percent in community and regional development.

A decrease of 4.8 percent in education, training, and employment.

An increase of 6.9 percent in health.

An increase of 13.9 percent in income security.

An increase of 1.6 percent in veterans.

We are at the same level as the previous year in administration of justice.

A decrease of 2 percent in general Government.

A decrease of 1 percent in general-purpose fiscal assistance.

An increase of 8 percent in interests.

Mr. Chairman, overall, this Republican substitute provides for a 6.8-percent increase in outlays. Now that is a fact. That is not rhetoric. That is not beating our breasts and talking about the problems that will be caused. That is an incontrovertible fact.

Mr. Chairman, I would say to my dear friends on the other side of the aisle that while this starts out as being a Republican substitute, there is one way in which you can take the necessary action so this will not be a Republican substitute. You can give bipartisan support to this very moderate budget proposal.

Mr. Chairman, there are many Republicans in this House who think that the expenditures should have been cut further, that there should be no deficit. I can point out there are Republicans in this House who would like to have seen a tax cut of much more than \$20 billion. Yet we stand together in offering the substitute because we think it is a moderate approach to the problem. We think that it is the kind of moderate reduction in spending and moderate tax cut which discerning friends on the other side of the aisle should be able to set aside partisan differences and support. This is no meat ax. This is a very moderate restraint in increased spending.

Now we can go home to our constituents and tell them, if you vote against a \$20 billion tax cut, that you voted against a \$20 billion reduction in increased outlays, which nevertheless is a 6.8-percent increase in outlays over the previous year. Now you can go home and tell your constituents that you are against reducing the deficit from \$29.8 billion down to \$19.8 billion, a moderate \$10 billion reduction in the deficit. I find it awfully difficult to understand how your constituents are going to understand that.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I would be delighted to yield to the distinguished gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman yielding. I support the efforts of my friend from Pennsylvania. This is indeed a moderate tax cut. As one who wants a much deeper cut in taxes, I would still support it as well as the Rousselot amendment for a \$36 billion cut.

One question I think should be asked of the other side of the aisle—if they do not cut the tax burden of the American people don't they know they are actually raising taxes?

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 3 additional minutes.)

Mr. SHUSTER. I continue to yield to the gentleman from New York (Mr. KEMP).

Mr. KEMP. The question is not so much why they did not vote to cut taxes, the question might really be posed why they voted to let taxes continue to go up, because taxes in 1979 are going up between \$25 and \$30 billion in the aggregate and each American is going to face a higher and higher marginal tax bracket.

Mr. SHUSTER. Mr. Chairman, the gentleman makes an excellent point. The so-called Republican tax cut of \$20 billion really only partially restores the tax increases which the majority in this Congress and the President downtown are imposing upon the American people.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. In the Committee on the Budget did you discuss the fact that if this Congress does nothing next year in the way of tax cuts, people's taxes will automatically go up because of the tremendous inflation rate which our colleague from Connecticut (Mr. GIAIMO) just mentioned, and because they will be escalated into higher brackets? Is that not true?

Mr. SHUSTER. That is certainly true, that is a part of the problem.

Mr. ROUSSELOT. Mr. Chairman, did the Committee on the Budget discuss how much those increases would be? It is my understanding they range from \$25 billion to \$33 billion worth of increases, is that correct?

Mr. SHUSTER. I think the gentleman is in the ball park, yes.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the distinguished majority leader.

Mr. WRIGHT. I thank the gentleman for yielding. The gentleman from Pennsylvania is always delightfully persuasive in everything that he says, but on several occasions during the gentleman's early remarks he has referred to incontrovertible facts. If we may just lay aside any discussion of the relative merits of our two positions, let us see if we can lay out the incontrovertible facts of the comparison in actual dollars between the substitute resolution proposed by the Republican group, on the one hand, and the committee resolution on the other.

Mr. SHUSTER. Of course, as the gentleman knows, the comparison I was making would be between the substitute and actual expenditures of fiscal year 1979.

Mr. WRIGHT. Of course. But the comparison we must make, if we are to choose between the gentleman's substitute and the committee bill, is a comparison between those two in the dollars they would earmark for specific functions. That is a comparison to which the Members are entitled. Would the gentleman not agree?

Mr. SHUSTER. I would say to the gentleman that a much more relevant comparison is with the real world of what real spending is in this fiscal year.

Mr. WRIGHT. If the gentleman desires to characterize the committee resolution as an unreal world, then let us compare the gentleman's resolution with that unreal world. I do not want to engage the gentleman now in a rhetorical exercise. All I want is to get the facts before the Members. Is that fair?

Mr. SHUSTER. It is certainly legitimate.

Mr. WRIGHT. Mr. Chairman, let me establish these incontrovertible facts.

(At the request of Mr. WRIGHT, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. WRIGHT. It will be my purpose in this colloquy not to establish ideological grounds nor points of argument, but rather comparative dollars.

On the question of national defense, the committee resolution proposed outlays in the coming year of \$128,587 million and the resolution offered as a substitute would propose outlays of \$129 billion, or an increase of approximately \$413 million. Is that correct?

Mr. SHUSTER. That is certainly correct.

Mr. WRIGHT. In the field of international affairs, the committee resolution proposed outlays of \$8.772 billion. The resolution proposed as a substitute would establish outlays in the amount of \$7.1 billion. That would be a reduction from the committee resolution of some \$1.67 billion.

Mr. SHUSTER. Of course, the gentleman is correct. We are both reading from the same sheet.

Mr. WRIGHT. In the field of general science, space and technology, the Republican substitute would reduce the figure proposed in the committee resolution by some \$262 million for the coming fiscal year. Is that correct?

Mr. SHUSTER. Of course it is. We are reading from the same sheet.

Mr. WRIGHT. On the sheet the gentleman handed out, we did not have any comparative figures from the committee resolution, so I am making that comparison. I trust the gentleman does have a sheet on which he has written in, as I have, by hand, the figures permitting a comparison with the committee resolution figures.

Mr. Chairman, we come to item No. 4, energy. I direct the gentleman's attention first to the proposed new budget authority.

□ 1430

Whereas the committee resolution proposed \$36.266 billion, the gentleman's substitute would propose \$24 billion.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. Or a reduction in new budget authority of \$12.3 billion for new energy initiatives.

Mr. SHUSTER. But a very substantial increase over this fiscal year.

Mr. WRIGHT. But for new energy initiatives being authorized in the new budget authority, a reduction of a little more than one-third below the amount proposed in the committee bill.

Mr. SHUSTER. But I would point out to the gentleman that the increase over fiscal year 1979 actually is a whopping 223 percent, a very substantial increase.

Mr. WRIGHT. We can discuss the needs in the field of energy at a later point, and whether or not what we propose is adequate. I simply want to establish that it is correct, is it not, that the gentleman's substitute would reduce amounts available in new budget authority for energy initiatives by a little more than one-third, or by \$12.3 billion below the amount contained in the committee resolution.

Mr. SHUSTER. When compared with the committee resolution, that is correct.

Mr. WRIGHT. That is the comparison I am asking the gentleman to make.

Mr. SHUSTER. When compared with the actual expenditure which is now the law, it is a very substantial increase.

Mr. WRIGHT. We both have proposed some increases for energy, but their adequacy is the question.

Mr. SHUSTER. Our increases are not as much as your increases, I would say, which I think is a fair way to state it. Would the gentleman disagree with that?

Mr. WRIGHT. The gentleman is offering a resolution as a substitute for the committee resolution. That being the case, it is my purpose to compare in facts, not in rhetoric, what the figures are. That is all I am doing.

Mr. SHUSTER. I understand exactly what the gentleman is doing. I have no dispute at all with what the gentleman is doing. I am simply making the point that one must not limit one's comparison.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has expired.

(At the request of Mr. WRIGHT, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. SHUSTER. One must not limit one's comparison to a budget resolution which has passed out of the committee and is not the law of the land, but rather must also make a comparison with something else which is much more significant and that is the law of the land of what the actual outlay expenditures were in the fiscal year.

Mr. WRIGHT. I know the gentleman does not seek to avoid a clear-cut comparison between what the substitute proposes and what the committee proposes.

Mr. SHUSTER. Of course not. The gentleman is welcome to that comparison. We hope the American people will make the comparison, too.

Mr. WRIGHT. I hope they will and that is my purpose in trying to get a clear, unequivocal statement of comparison.

Now, with regard to energy outlays for the coming fiscal year, the gentleman's resolution would reduce our figure by some \$300 million; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. In the field of natural resources and environment, the resolution would reduce the committee figure by some \$300 million; is that essentially correct?

Mr. SHUSTER. \$326 million.

Mr. WRIGHT. In the field of agriculture, the gentleman's resolution would reduce the committee figure by some \$42 million in outlays.

In the field of commerce and housing by some \$28 million in outlays.

Now, in transportation, item No. 8, the outlays would be reduced by adoption of the substitute by a figure of \$1.15 billion in the coming year; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. And in community and regional development by \$189 million.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. But in education, training, employment and social services, by \$2.5 billion for the coming year; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. And in health, the substitute would reduce the committee figure by \$1.3 billion in outlays; is that correct?

Mr. SHUSTER. One point five, I believe.

Mr. WRIGHT. Perhaps the gentleman is correct. I will accept the gentleman's figure. One point three seems to be our comparison, but let us not quarrel over that.

In income security, the gentleman proposes a \$4.9 billion reduction below the committee figure; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. In veterans benefits and services, I understand the gentleman would propose to reduce the outlays in the resolution by \$251 million for the coming fiscal year.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. In the administration of justice by \$268 million and in general Government by \$200 million, in general purpose fiscal assistance by \$575 million, and the gentleman projects that the interest figure would be reduced by \$1.1 billion; is that correct?

Mr. SHUSTER. Yes, largely because of the reduced deficit.

Mr. WRIGHT. I thank the gentleman for responding in order that we both might fully agree on the general terms that we are comparing in the choice presently before the House.

Now, on expenditures in total, if I understand it rightly, the gentleman's reduction would come to some \$19 billion in the fiscal year period lying ahead.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. And in total revenues projected by some \$9 billion or thereabouts.

Mr. SHUSTER. That is correct, and I thank the distinguished majority leader for making certain that these issues are very clear. The bottom line that we think can be made for this colloquy is very clearly the big spenders, the people who want to spend \$20 billion more are on the other side.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(By unanimous consent, Mr. SHUSTER was allowed to proceed for 2 additional minutes.)

Mr. SHUSTER. Mr. Chairman, first, I would like to make the observation that the distinguished majority leader has helped us make our case that the big spenders, the people who want to spend more than we are spending today, very substantially more, are my good friends on the other side of the aisle.

It is the Republicans in this institution who want to at least exercise modest restraint in spending. While the gentle-

man, the distinguished minority leader, compared this substitute with the proposal from the budget committee, a much more relevant real world comparison is the comparison not of what some committee of the Congress wants, but the law of the land and that is the actual fiscal 1979 outlay expenditures.

This substitute is proposing a 6.8-percent increase, not decrease, increase over fiscal year 1979 expenditures.

I thank the distinguished majority leader for focusing on the fact that it is the Republicans who want to see restraint in growth and it is at least a certain number of our friends on the other side of the aisle who want to see more big spending.

Mr. Chairman, I would be delighted to yield to my friend, the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I appreciate my friend yielding.

I want to add another dimension to the debate between the gentleman from Pennsylvania and the distinguished majority leader from Texas.

The statement was made by the majority leader that the Republican substitute subtracts \$4.9 billion from category 600 income security.

Mr. SHUSTER. That is correct.

Mr. KEMP. Now, one of the reasons that you can deduct some of the moneys from income security is because under the Republican substitute there is a plan and a strategy of saving jobs in America that otherwise will be lost under the budget resolution of the majority party. It is the assumption of the majority party's budget to slow down the economy. In May in the first concurrent budget resolution, unemployment was predicted to go from 5.7 percent up to 7.5 percent. Now they have not been quite successful enough apparently in getting unemployment up to 7.5 percent, but unfortunately they are beginning to be successful, because unemployment has gone up by 300,000 people in the last month and a half.

Now, when unemployment goes up, I would say to my friends on both sides of the aisle, it costs the U.S. Treasury more money.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(At the request of Mr. KEMP, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. KEMP. Mr. Chairman, if the gentleman will yield further, one of the tragic things that happens when unemployment goes up is that costs are incurred in terms of people's lives and of course, higher costs in unemployment insurance, unemployment compensation, supplemental unemployment benefits, food stamps and such. In fact, I have heard the majority leader stand on the floor of the well and tell the American people that for every 1 percent of unemployment it costs the U.S. Treasury \$16 billion or more.

Now, is it not true, I say to my friend, the majority leader, if we could hold down unemployment, it would save the U.S. Treasury billions of dollars and that

this positive effect might be reflected in the income security category of the Republican substitute?

□ 1440

Mr. WRIGHT. Mr. Speaker, will the gentleman yield for a response to that question?

Mr. SHUSTER. I am happy to yield to the distinguished majority leader.

Mr. WRIGHT. I do not think there is any question that the statement of the gentleman from New York (Mr. KEMP) is true. If indeed we can reduce unemployment in this country, we can reduce the deficit in the budget automatically. I think the current figure is perhaps \$21 billion or even \$22 billion for each percentage point of unemployment.

But I just do not believe that the substitute offered by my Republican friends will reduce unemployment. I think it is more likely to increase unemployment.

Mr. KEMP. Mr. Chairman, will the gentleman yield further?

Mr. SHUSTER. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, the distinguished majority leader says unemployment is going to go up and, if we cut spending, it will have a negative effect on the private sector of the economy.

If we cut taxes, under the assumption of the Congressional Budget Office's economic model, we will lose jobs as well. In their economic model of the economy, spending is by definition good and saving is bad. Savings are moneys leaked out of the so-called spending stream in the Keynesian model, thus diminishing output and production.

Let us understand what is happening in America. The fundamental difference is not just the majority party's budget resolution versus the Republican substitute. The real difference is that one party believes we can fight inflation by slowing the economy and the other party, our minority party, which believes the American people are the only ones who can encourage greater levels of economic activity and output. People cause economic growth and create jobs. Government should preserve, protect, and defend the value of our currency.

Mr. Chairman, in this budget which is being presented to the Congress we are being asked by the majority leader to adopt this budget and thus increase taxes in 1979 to the tune of \$30 to \$40 billion. Let us understand what we are really arguing about today. Higher taxes and slower production on one hand and on the other hand lower tax rates, higher production, and more jobs.

Mr. SHUSTER. Mr. Chairman, I thank the gentleman from New York (Mr. KEMP) for his comments.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has expired.

(By unanimous consent, Mr. SHUSTER was allowed to proceed for 2 additional minutes.)

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Texas.

Mr. ROBERTS. Mr. Chairman, I appreciate the gentleman's yielding.

With reference to veterans' benefits and services, it has not been more than 3 months since this House passed, I think without a dissenting vote, what I considered to be a very bare-bones increase of 8.3 percent for the service-connected disabled veterans. As a matter of fact, the other body raised it 11.1 percent, but we voted 8.3 percent.

This proposed \$251 million cut would eliminate that and cut it down to about 4 percent. It would eliminate probably all of the 3,800 jobs that we restored in this House for VA medical service.

Mr. Chairman, would the gentleman respond to that?

Mr. SHUSTER. Mr. Chairman, the gentleman responds to that by saying the substitute, compared to fiscal year 1979, provides for a 1.6-percent increase in outlays and a 4.8-increase in budget authority.

Mr. ROBERTS. But the House had already acted on that. We had already added the 8.3 percent for the service-connected disabled veterans, about \$580 million.

Mr. SHUSTER. Mr. Chairman, that is only a small part of the overall veterans' budget. This applies across the board. The budget authority is a 4.8-percent increase across the board in all veterans' benefits and services.

Mr. ROBERTS. Mr. Chairman, if the gentleman will yield further, 4.8 percent is all the increase provided. As a matter of fact, it takes \$580 million, for the 8.3-percent increase this House has voted.

Mr. SHUSTER. Mr. Chairman, as the gentleman knows, we are talking about \$21.4 billion here. So the gentleman makes my point. That increase is a very, very small percent of the total expenditure.

Mr. ROBERTS. It is no increase. It requires as a matter of fact that 3,800 people be fired from the VA health services.

If the gentleman wants to serve the disabled veterans, he cannot do it by saying, "We are not going to give you a nickel." We cannot take care of the veterans trying to get in the hospitals now.

Mr. SHUSTER. Mr. Chairman, my good friend, the gentleman from Texas (Mr. ROBERTS) knows better than that. He talks about a \$568 million increase, or whatever it is.

I would point out that we are talking to the gentleman of a total budget of over \$21 billion, so that is a very small part of the overall veterans' budget. The budget authority in this substitute provides for almost a 5-percent increase in veterans' benefits.

Mr. ROBERTS. Mr. Chairman, the gentleman is exactly right, but we have already passed the 8.3-percent increase and the gentleman would reduce it. The gentleman may want to deny what we have voted for our veterans, but I do not believe this House does.

Mr. SHUSTER. The gentleman knows that the 8.3-percent increase is only in service-connected disabilities.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(On request of Mr. DELLUMS and by unanimous consent, Mr. SHUSTER was

allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank my distinguished colleague for yielding.

I would like to simply understand the gentleman's position. The gentleman took exception to the fact that a number of Members on this side of the aisle characterized the Republican substitute as taking a meat-ax approach to the budget.

Mr. SHUSTER. That is right.

Mr. DELLUMS. The gentleman then proceeded to the well to attempt to argue effectively that the Republican substitute actually represented a 6.8-percent increase over and above the expenditure last year.

Mr. SHUSTER. That is an arithmetic statement of fact.

Mr. DELLUMS. All right. Now, this is question No. 1 I would like to ask the gentleman:

Has the gentleman considered the inflation rate in determining this 6.8-percent increase?

Mr. SHUSTER. We certainly have considered the inflation rate as part of the overall problem. We recognize it is painful, we recognize that there must be restraint, but we say that inflation is the No. 1 issue. It is the No. 1 problem in America, and deficit spending is one of the fundamental driving forces of inflation.

Therefore, one of our top priorities is to reduce the deficit. That is not the only priority, but one of our priorities must be to reduce the deficit, and we do not see how our friends on the other side of the aisle can say they are going to have a balanced budget in 1981 and have a deficit of over \$30 billion in this year.

We think that does not wash. It does not make sense, and we do not think the American people will buy it. If we hope to have a balanced budget in 1981, then the way to have a fighting chance to get it is to get the deficit down from around \$30 billion to under \$20 billion this year, and then we can struggle to get the budget balanced next year.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield further?

Mr. SHUSTER. I am delighted to yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank the gentleman for his explanation, but I had attempted to go in a little different direction.

As I understand it, in the first quarter of this year the inflation rate was somewhere around 11 percent, and in the second quarter it had reached approximately 13 percent. But let us assume it will be 10 percent over the next year.

The gentleman asserts that the Republican substitute provides a 6.8-percent increase, but if we have a 6.8-percent increase along with a 10-percent inflation rate; is that not a 3.2-percent decrease?

Mr. SHUSTER. Mr. Chairman, the gentleman is absolutely correct in terms

of real dollars, and I compliment him for having us focus on that.

I would again emphasize that we are calling for restraint. Nobody said it would be easy, but if we are going to get inflation under control and at the same time increase productivity in this country through positive tax cuts, it seems to us that we must exercise this restraint and bring the deficit down from around \$30 to \$20 billion. We must exercise restraint and provide a tax cut, which really means we will simply have a partial return of the increased taxes inflicted upon the American people over the past few years.

Mr. Chairman, I would agree completely with the gentleman. He makes an excellent point.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield further just briefly?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank my colleague for that explanation.

So the gentleman is really suggesting to me that the Republican substitute is really not indeed an increase but is indeed a decrease when we factor in the inflation rate?

Mr. SHUSTER. Yes, in terms of real dollars and in some functions; in other functions, it is not. For example, in income security, we have close to, I believe a 14-percent increase.

Mr. DELLUMS. Mr. Chairman, will the gentleman allow me to make my second point?

Mr. SHUSTER. Certainly. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, there has been a number of studies done that point out that the multiplier effect of spending \$1 in the military sector of our economy does not contribute as significantly to the economy as spending that dollar in the nonmilitary sector.

So I am wondering, if the gentleman is suggesting the combating of inflation, why in the substitute is he increasing the military budget?

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(On request of Mr. DELLUMS, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 2 additional minutes.)

Mr. SHUSTER. Mr. Chairman, I would be delighted to respond to the gentleman by saying that it pains me each time I vote to spend money on defense. But I find myself doing it because the prime function of our Government is to provide for a strong national defense.

So it is not a question of spending defense dollars in order to create jobs; it is a question of spending defense dollars to provide for the adequate defense of the United States.

But I thank the gentleman again for focusing on the nondefense expenditure and saying that it has more leverage.

□ 1450

I would suggest to the gentleman that one must draw a very big line between nondefense expenditures in the private sector and nondefense expenditures in

the public sector. I would say to the gentleman that if we can spend fewer dollars in the nondefense public sector and have more dollars spent in the private sector, this is the way we are going to create real jobs, this is the way we are going to increase productivity, this is the way to reduce the inflation rate, and this is the way that, particularly, the people at the bottom of the economic ladder are going to have real jobs and real opportunities.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield for one brief comment?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I appreciate the fact that the gentleman has stated that one of our prime functions here is to provide for the common defense. I would also suggest to my colleague that this text also says "to insure domestic tranquillity and to promote the general welfare."

Mr. SHUSTER. Of course, that is why we are proposing an expenditure of over \$50 billion. In fact, far beyond that. Outlays of \$183 billion in income security. The gentleman is certainly correct. That is why we are proposing a 14-percent increase in income security.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from New Mexico.

Mr. LUJAN. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman on his explanation of the figures contained in the Republican budget resolution. I think he has done a marvelous job.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(On request of Mr. ROUSSELOT and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. LUJAN. Mr. Chairman, if the gentleman will yield further, as the gentleman was discussing the differences between the 2 resolutions with the distinguished majority leader, I was doing some arithmetic here on the side and, really, is it not true—it seemed to me, at least—that the basic difference between the 2 resolutions is that the Republican resolution will increase spending around 7 percent in round figures, 6.8 percent, and the budget resolution as presented by the majority will increase it by more than 10 percent? And therein lies the difference. It is very, very simple. It is a modest increase as opposed to a very, very significant increase as advocated by the majority.

Mr. SHUSTER. The gentleman is absolutely correct. On the spending side and, of course, on the other side of that same coin, we are proposing a \$20 billion tax reduction for the American people and, I might add, only as a first step—only as a first step—to a 5-year program of tax reduction, which will add up to \$170 billion over 5 years.

I thank the gentleman for his comment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding, and I would like to respond to my colleague, the gentleman from California. In his colloquy, the gentleman brought up the issue that the Constitution also says "the general welfare."

One of the reasons we had a revolution in this country was over taxation by the British Government. Many of us feel—and that is the reason it is in our resolution—that taxation has become every bit as burdensome as it was in colonial times when we had a revolution over that issue. The general welfare requires that we ask: What are we doing for people in general, the working people in this country? And that is why it is equally important, not only as the gentleman has pointed out, to restrain increases in expenditure, but also to reduce the tremendous burden of taxation. In every one of our districts there is, roughly, 230,000 working people. The average person in that group pays 45 cents of every dollar they earn to taxation. Roughly 30 cents of that goes to the Federal Government. They are begging us to give them relief so that they will be able to make the decision how to spend that money and that it not all be spent through the Federal Government.

So it is the general welfare of the people in general that we are trying to address in this budget resolution.

I, too, want to compliment my colleague, the gentleman from Pennsylvania (Mr. SHUSTER) for answering the questions head on that have been raised by the big spenders in this Congress.

Mr. DELLUMS. Mr. Chairman, will my distinguished colleague yield to me, since my name has been referred to?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. I appreciate my colleague's yielding.

Perhaps the gentleman can explain to this particular Member—and I appreciate the comments the gentleman has made, and we argue, with all seriousness, with respect to the particular positions that we advocate—but as I understand, every study I have read over the past several months indicates that, for the American people, the foremost inflated items in the American economy are food, energy, housing and health care. The foremost inflated items in the American economy are food, housing, energy and health care.

Mr. ROUSSELOT. And taxes.

Mr. SHUSTER. Will the gentleman add taxes to that?

Mr. ROUSSELOT. Yes. Taxes. Will the gentleman add taxes?

Mr. DELLUMS. Every study that I have read does not include taxes. They have included those four items and indicated that every American working-class human being spends approximately 70 to 75 percent of their monthly income on those four items alone.

I would appreciate an intelligent dissertation on showing me how reducing

Federal expenditures in any way will reduce the inflated impact of these four items alone.

We know why food is inflated; we know why energy is inflated; we know why housing is inflated; and we know that health care is the fastest rising industry in America, with the fastest rising profits.

Now, will the gentleman show me how he can attack those four items by reducing the budget?

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(On request of Mr. DELLUMS and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. Mr. Chairman, I ask the question in all seriousness, and I would appreciate it if we can enter into some discussion on this matter.

Mr. SHUSTER. Mr. Chairman, I yield to the gentleman from New York (Mr. KEMP) on that point.

Mr. KEMP. Mr. Chairman, I would love to at least take a shot at it, and I am glad the gentleman from California has asked it so directly. The price of all the important aspects of our lives he mentioned are a result of the irresponsible monetary policies of the United States.

Let me just take one aspect of that question: housing, as an example.

Under the assumption of the gentleman's party, this budget resolution's purpose is to slow down the economy of the United States as a means of fighting inflation, on the theory that, if we can just reduce the demands of the American people for housing, if we can just reduce their desire for a better standard of living, somehow there will be less demand and thus less inflation. They stimulate demand in times of slow growth and contract demand in times of inflation, but now we have both.

Our party, the minority party, is challenging the idea that the American people are the cause of inflation, we believe only governments can devalue the people's currency and paychecks. Americans, as all human beings, desire a better and higher standard of living in the future, they want good jobs and housing, energy, and everything else that a free and prosperous nation has a right to expect.

The Malthusians, who believe it is all over and all that is left is redistribution of income and rationing of energy, are enemies of the poor.

Let me give the Members a dramatic example, I mentioned housing.

In 1978, new housing starts were at about the rate of 2.2 million new starts per year.

There was a belief, apparently circulating in the Office of Management and Budget and in the White House economic advisers that the way to reduce inflation in housing was to reduce the supply of housing by attempts to slow down the demand for housing. They changed the money market certificates in 1979 to reflect a lower rate of interest, compared to Treasury paper, so that there would be less capital and credit being channeled into housing, and hous-

ing starts would decline from 2.2 million in 1978 to 1.2 million in 1979.

Mr. Chairman, the administration has been successful in slowing down new housing starts from 1978's 2.2 million all-time high in the 1970's down to 1.6 million annualized in 1979 going lower.

If you really believe that the American people's desire for a house is causing inflation in housing, then you have a good place to turn for economic policy, the majority party and the White House. But if you believe the answer to housing prices is to encourage a greater supply of housing, then you would reject that demand-management philosophy that has been promulgated in the White House by this administration, and the majority party that is urging this no-growth budget resolution.

The answer to housing prices, the answer to energy prices, the answer to food prices, the answer to inflation is not to slow down the economy, its not to punish the demand of the American people. On the contrary, it is to increase the supply of housing, increase the supply of energy—indeed expand production and the supply of all goods and services.

What our party is attempting to do today is to reduce the burden of taxation on the private sector, reduce the regulatory burden, and to get the economy producing again, in terms of jobs, investment, and savings.

So I would say to the gentleman from California that the answer to helping the poor, the answer to welfare, the answer to advancing the cause of human justice in this country and the world. We should expand our economy—increase the supply of homes, jobs, energy, food, and encourage price stability with tight money, hard currency, lower taxes and regulations and full employment, something that this budget does not do nor does it encourage any of these sound economic policies.

I want to say to the gentleman, the chairman of his Budget Committee, has stated the purpose of this budget in 1980 was deliberately fashioned to slow down the U.S. economy.

Now if you really believe that that is the answer to inflation, then he has a good reason to vote today for the Democratic Party budget. But if he wants to start restoring hope and incentives again for growth and production he should vote for our substitutes.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(On request of Mr. DELLUMS and by unanimous consent, Mr. SHUSTER was allowed to proceed for 3 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will the gentleman yield so I can ask my colleague a question?

Mr. SHUSTER. Mr. Chairman, I will yield 1 minute of my 3 minutes to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. I will be happy to get even more time for my colleague. I think we ought to spend some time discussing these critical matters and not talking over each other's heads.

Mr. Chairman, my distinguished colleague has made a number of points. I listened very carefully. One of the points was that he indicated that we needed to expand the housing stock in this country.

It is difficult for me to understand this position. Let me explain the contradiction, as I see it.

□ 1500

A number of professionals indicated that if we are indeed going to expand the housing stock in this country that it cannot be done solely through private industry, that the Federal Government needs to play a role in it.

Now if the gentleman agrees with that, how can he justify moving toward greater housing stock when the gentleman's own resolution would cut the amount of money in the housing appropriation \$189 million? That seems to fly in the face of the gentleman's very, very articulate statement.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding and thank him for the compliment.

I think it is pretty obvious to most Americans that the real hope of expanding the housing stock of America is to encourage the higher levels of capital investment in housing in the private sector not the public sector.

With all due respect, I do not disagree with the gentleman's goal of making available to low-income Americans some form of subsidized housing, but the real answer the private sector, and we should not cut housing starts from 2.2 million down to 1.2 million, thus reducing the supply of new housing by 1 million. I think if the U.S. Government had to subsidize to make up for a million lost houses in the private sector it would cost hundreds of billions of dollars in even higher taxes. I say enough is enough.

Mr. DELLUMS. The gentleman has not answered my question.

Mr. KEMP. I have answered it. I am suggesting our impetus ought to be aimed at expanding the private sector, not in slowing it down. We do not need more Government-owned housing or subsidized housing or subsidized jobs if it comes at the expense of private housing and private enterprise jobs. We really need jobs and housing in the private sector. We need private enterprise, not more Government enterprise. I rest my case.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. ROUSSELOT. I would like to respond to my good colleague from California, because I know he is making a sincere effort to discuss this issue.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(At the request of Mr. ROUSSELOT and by unanimous consent, Mr. SHUSTER was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. If the gentleman will continue to yield, another way in which the gentleman's party resolution does damage to the housing or shelter field is the tremendous competition in the marketplace created by that resolution with a \$33 billion deficit.

If my colleagues will recall, our previous Secretaries of Treasury have said when the Treasury has to go out and borrow so much money in the marketplace, it absorbs up and takes away from the ability of the private sector to provide financing for housing. It competes with local governments.

A \$33-billion deficit will do far more damage to the ability of the private sector to provide housing financing because of the horrendous competition by the Treasury, not only to finance new debt, \$33 billion in the gentleman's resolution, but also the rollover of old debt, which is now becoming very expensive.

The gentleman's resolution, I will say to my colleague, does great damage to the shelter market.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

I am concerned—and my chairman, the gentleman from Texas (Mr. ROBERTS), has talked and mentioned this on the floor this afternoon pertaining to the veterans' benefits—and the reason I bring it up to the gentleman in the well is that I have the privilege of being chairman of the Subcommittee on Compensation and Pensions for Veterans. This is where a lot of the money goes in veterans' programs.

I am concerned about the \$251 million cut in veterans' benefits, under the substitute and quite frankly, I do not know how we could operate without cutting back on some of the compensation increases that we will have in October.

Would the gentleman specifically tell me where we could cut this \$251 million?

Mr. SHUSTER. The gentleman would point out there is an increase over fiscal year 1979 of almost a billion dollars in budget authority and \$332 million in outlays. The gentleman recognizes that there was an 8-percent increase in service-connected disabilities, which I believe comes to \$682 million. That is a very small part of the total \$21 billion.

Mr. MONTGOMERY. The gentleman knows that on all of these programs, there have been cost-of-living increases, and quite frankly, our committee came out with what we thought was a reasonable increase of 8.3 percent for the compensation programs where the Senate has come out with 11.1 percent.

Now, there is a possibility we will get together with a figure of 9.9 percent cost-of-living increase for the service-connected veteran. This is the guy that fought in Vietnam, in Korea, and World War II.

I just do not see how we can cut the program.

Mr. SHUSTER. I ask that the gentleman yield so that I may respond and so that we may understand this.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has expired.

(At the request of Mr. MONTGOMERY and by unanimous consent, Mr. SHUSTER was allowed to proceed for 2 additional minutes.)

Mr. SHUSTER. When we looked at it, we felt that this particular increase could be covered by the increases over last year's budget which we provided.

As the gentleman knows, I certainly have supported the veterans' position in the House. That is why, in fact, we were very careful to provide for a 5-percent increase.

I think I have taken so much time, and this has been such a constructive colloquy, I would like to summarize my position and then let the gentleman seek time on his own, if I might.

Mr. MONTGOMERY. The gentleman has not really answered our questions on the veterans.

The Giaimo committee has been fair with the veterans' programs, and the gentleman's program would cut back on the veterans' hospitals of 3,800 people working, which the Carter administration wants to do.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

In response to the question of the gentleman from Mississippi (Mr. MONTGOMERY), I want to point out that we have increased the budget authority by \$200 million from the first resolution adopted by the majority party; and I would also point out that the outlays provided in our substitute are identical to the outlays provided in the first budget resolution that was adopted by this body.

I would further point out that those totals were based on the veterans committee recommendations at the time of the first resolution.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

I know that the gentleman from Ohio wants to give out accurate information, but he is just not answering the question of the gentleman from Mississippi. The gentleman knows full well that estimates change. The gentleman knows very well that estimates that we had in the first resolution in the spring, because of the higher inflation rate, we now expect were inordinately not sufficient.

The gentleman knows that we had to put in \$1.7 billion over the estimates in the springtime for income security.

The gentleman knows that the estimate of what it would cost to buy food stamps would be different because of higher inflation.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(At the request of Mr. GIAIMO and by unanimous consent, Mr. SHUSTER was

allowed to proceed for 5 additional minutes.)

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Connecticut.

Mr. GIAIMO. The gentleman knows that our spring estimates on food stamps went up \$700 million, because it will cost more money to buy food.

It will cost more money to take care of disabled veterans. That is why we put more money in the second resolution than we had in the spring for that function.

Now answer the gentleman's question. The gentleman is suggesting we can cut this budget and not hurt anyone, and that is just not so.

Mr. SHUSTER. I am suggesting we have not cut the first budget resolution. The increase provided in the second resolution by the majority is only \$200 million more than that in the substitute.

Mr. GIAIMO. Only \$200 million?

Mr. SHUSTER. That is right.

Mr. GIAIMO. That is still a lot of money in this country, only \$200 million. That could go to a lot of hungry veterans.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. ROUSSELOT. I think the gentleman will find in the committee report under Veterans' Communications, there are \$11 billion of unobligated funds. So, if the gentleman wants to check that, I think there is more than enough extra cushion there to take care of the \$251 million the gentleman speaks of. I am not sure that is always the best way to do it.

I want to say to the gentleman that is a very, very substantial amount. Maybe we really ought to address this whole issue of the extra money in the pipeline that exists in a lot of the functional categories.

Mr. SHUSTER. So I am sure I understood what the gentleman is reading from the book, there is \$11 billion in unobligated funds in veterans and service affairs.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Part of that is unobligated building programs for the hospitals. That is not the funds, though, to pay the compensation and pensions. So \$11 billion is really not the figure to pay the veterans who have been hurt in combat, and we have got to take care of them.

I think the chairman of the Budget Committee will back up this statement. In the Veterans' Affairs Committee, we have not tried to write just a blanket check for the veterans. We have tried to be fair and to take what would be appropriate out of the slice of the budget pie for the veterans.

□ 1510

We could have brought a lot of expensive programs out here, but we have tried to keep it down. I think the gentleman is

making a mistake by cutting the veterans \$251 million.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I am happy to yield to the gentleman.

Mr. KEMP. Mr. Chairman, this is a never-ending debate really because in part we are trying to count how many angels can dance on the head of a pin. The estimates have changed, I believe—as the gentleman from Connecticut (Mr. GIAIMO) pointed out—because there was a false premise upon which they were based.

* We were told last May that if the economy slowed down sufficiently, inflation would drop. Now we are told that since the Budget Committee was not successful in bringing inflation down, even though the economy has slowed, now the estimates end up wrong, and we have to pay for the mistakes that the CBO has been making on economic policy and which is being made by the Congress and in the White House. Democrats want to raise spending on food stamps and other items in the budget, because of inflation. But as they advocate slower economic growth and higher unemployment, the costs go up as well. And we get blamed for trying to expand the economy and jobs in order to reduce the need for spending.

If those estimates were wrong in the first place back in May, is there any reason why we ought to take their word for the estimates that are in the next budget resolution that we are discussing here today? That is the problem. The assumptions are wrong, and thus lead to false conclusions. Let us recognize that the American people are the source of economic growth and they need encouragement and incentives by a Congress that will cut taxes, not raise them.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I will be happy to yield to the distinguished chairman.

Mr. GIAIMO. Mr. Chairman, I agree with Mr. STRATTON, we ought to seek our own time.

But, you know, when I listen to the economics of the gentleman from New York I realize why the gentleman's party has had so much difficulty with economics for the last 40-some-odd years. I would say the fact of the matter is that if you know even the slightest bit about Government you know that there are constant reestimates. There are reestimates in the spring that are changed in the summer, and they will be changed again this winter. They will be changed by the administration, they will be changed in the private sector. None of us can foretell with any kind of great certainty what is in the future. We cannot foretell, I will say to the gentleman, whether or not there will be another OPEC increase in the price of oil in the next week or month. I assure the gentleman if there is an increase our economic assumptions will once again have to be revised upward.

We cannot foretell what the price of food will be with any degree of certainty. We try our best, we fallible mortals.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(By unanimous consent Mr. SHUSTER was allowed to proceed for 1 additional minute.)

Mr. SHUSTER. Mr. Chairman, I simply would like to summarize the two positions which we have before us today.

First of all, the majority is proposing an increase over fiscal 1979 spending of about 10 percent. The minority is proposing a spending increase, not a decrease, an increase of 6.8 percent, so we are proposing more restraint in increased spending.

The minority is proposing a lower deficit instead of a \$30 billion, slightly under \$20 billion, and a \$10 billion lesser deficit with an eye toward getting a balanced budget.

Third, the minority is proposing a tax cut for the American people, whereas the majority is proposing zero tax cut. As has been so eloquently pointed out here today this \$20 billion tax cut simply restores part of the increase which has been inflicted upon the American people.

So if my colleagues believe in working toward a balanced budget, if they believe in reducing the tax burden of the American people, and if they believe in restraining growth in Government, support the minority substitute.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, my colleagues of the House, first of all I want to say to my colleague from Pennsylvania, that is the longest 5 minutes I can recall anyone ever grabbing on the floor here.

There are flaws in the figures here. I think beyond that the process is flawed. The process is flawed in two ways. First, it is a little bit like a movie trial where all of a sudden you spring something on the opposition. What we are doing is we are trying to responsibly forge a budget for this Nation.

Neither side ought to come in with a \$600 billion budget and all of a sudden, at the moment there is a major amendment, just hand that amendment to the other side. We should not do it, you should not do it.

Second, the process is flawed, and I have said this before and I do not mean this disrespectfully to any of my good friends on the Republican side, but we need a HENRY BELLMON in the House who is willing to work with the other side so we can come to some responsible answers on where this budget ought to go.

The figures are flawed also. Just hastily doing some calculating on the revenue figures I think it is clear we are not going to have \$510 billion worth of revenue. Precisely how much off they are I am not sure, but somewhere around \$3.5 billion to \$4 billion.

In the energy field, function 270, my colleagues are cutting \$12.2 billion off the budget authority. We are talking about roughly that amount for synthetic fuels. Those synthetic fuels are important to Ohio, they are important to Illinois, they are important to this Nation. I do not

believe the House wants to say we are not going to go ahead on synthetic fuels.

Transportation I have heard the gentleman from Pennsylvania, whose attention I am trying to get here right now, I have heard him make these eloquent speeches about the needs of transportation. I have heard these eloquent pleas and we know that we ought to be moving ahead in mass transit if we are going to save energy, and yet we cut \$1.8 billion in authority, \$1.1 billion in outlay.

Function 500, education and training, I am among those who believe we ought to be cutting back on some of our impact aid programs, and we have been overwhelmingly defeated on the floor on amounts far, far less than is proposed here. My colleagues come in with a \$3.4 billion cut in budget authority, \$2.5 billion cut in outlays. That is, I would point out, a drop of 13.7 percent, according to the gentleman's statistics here, 13.7 percent in budget authority and 4.8 percent in outlays. If we add roughly 10 percent inflation we are talking about a 23-percent drop in budget authority for education and training and a 15-percent drop in outlays on education and training.

My friends, you are going to massacre the education and training program of this Nation.

What does that do to the people who need the help and most in this Nation? What do we stand for? I do not think the people of this Nation stand for something like that.

Then if we go on down to income security, after you have knocked out these CETA funds to give people jobs, then you say we are not going to go on spending this much money on social security, on unemployment compensation, and on all of these other things.

□ 1520

That is an \$8.4 billion drop in income security. We do not know where it is coming from; it has been very nebulous. And, it is a \$4.4 billion drop in outlays. We are reading Mother Goose tales here. We are living in a land of make believe.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I assure the gentleman that I will. Maybe he does not like what I am saying, but I would like to continue for a little bit.

In function 700 it has been pointed out—the gentleman from Mississippi was just pointing it out, and the gentleman from Texas did—what the gentleman from Pennsylvania provides is an increase, and I am sure my colleague from Mississippi can confirm that here the gentleman is providing an increase, according to his figures, of 1.6 percent in outlays. Now, just take a look at what inflation is, and the gentleman is talking about a tremendous cutback.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 5 additional minutes.)

Mr. SIMON. I do not think the American people want that. Interest, \$1.1 billion. We are assuming: No. 1, that the gentleman's revenue figures are accu-

rate, which is quite an assumption; and No. 2, we are assuming a drop in interest rates. I think those are marvelous assumptions, and I would love to do it. I do not think we can live in that kind of world.

Now, I would be pleased to yield to my colleague from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, I thank the gentleman for yielding. I would simply point out that our interest rate is an arithmetic calculation. It is lower because we are proposing spending \$20 billion less.

But, more significantly, I would respond to two different points my friend has made. I again emphasize that when he talks about all these atrocious cuts, he is talking about cuts from proposed spending levels. But, we have proposed increases to actual spending levels, and I again would underline that so that nobody is misled.

Mr. SIMON. On that question, what kind of increases is the gentleman proposing for function 500, education and training? We are talking about roughly a 10-percent inflation rate. What kind of increase is the gentleman proposing?

Mr. SHUSTER. The gentleman knows, as I said as I read the reason, there is a 4.6-percent decrease in that function, and most of the other functions have increases. The overall effect is an increase.

One last point I would like to make, and I thank the gentleman for calling our attention to it, is the transportation function, and for pointing out that I have been a vigorous supporter of transportation—and I am. The point that should be made here is that even though some of us believe deeply in various different functions, and I am certainly particularly committed to transportation, there is something more important at stake here than simply how much we spend in transportation or one function or another.

The overall questions at stake that transcend transportation or any other single function is the question of getting this Government expenditure under control, the question of reducing taxes, and the question of reducing the deficit so that we can reduce the inflation rate.

So, I plead guilty to the gentleman in that indeed I am prepared to sacrifice in a category in which I have a very special interest, because there is something more important than any individual category. I thank the gentleman.

Mr. SIMON. Well, I agree on one point with the gentleman from Pennsylvania. There is something more important overall than these specific items, and that is whether we are going to put together a responsible budget.

The question is, secondly, the inflation point. The gentleman can check with his staff on this. CBO did an estimate of almost precisely this kind of projection, and it ended up with an inflation rate increase of about 0.1 of 1 percent. That is minor, I admit, but we have to attack every possible factor.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague from New York.

Mr. STRATTON. Mr. Chairman, I appreciate the gentleman for yielding to me. I wanted to take this time because I was intrigued by the economic lectures which my good friend from New York (Mr. KEMP) has been giving to the House in this colloquy and during this debate. I recognize that he is a distinguished student of economics, and my credentials probably would not stand up to his. I took economics I at the University of Rochester, and later, when I got out of the Navy, I taught economics II at Rensselaer Polytechnic Institute in Troy. To teach that course of study, I will confess, I just stayed one page ahead of my students.

But, I just do not believe that the policy of this administration—and the gentleman from New York knows that I have not been an unabashed, consistent defender of this administration—but I just do not believe that the policy of this administration, or of this 96th Congress, is to "slow down the economy," as he keeps saying. The policy of this administration, as I understand it, and the policy of this Congress, as I understand it, is to try to find a way to end our inflation. Now, the economics that I learned at my teacher's knee back at the University of Rochester in 1935, was that inflation is created when we increase the money supply beyond what we are able to provide in terms of products.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

(At the request of Mr. STRATTON and by unanimous consent, Mr. SIMON was allowed to proceed for 5 additional minutes.)

Mr. STRATTON. This is basically what this administration and this Congress have been doing. We have been trying to reduce Government spending. And we have been trying to reduce the Federal deficit and I believe we are succeeding. I think it is no small accomplishment that we have gotten that deficit down from the \$60 billion that the President projected a year ago to the \$24 billion that the Budget Committee came up with, at least in their original budget resolution. The only difference between what the administration and the leadership of this Congress have been trying to do, and what the gentleman's party is trying to do, is that we want to try to reduce these expenditures, this expansion of the money supply, without at the same time putting too many people out of work because, as the majority leader recently indicated, every 1 million people out of work costs us something like another \$20 billion.

Now, that is essentially what I believe our policy to be and, as I say, I do not think we have done such a bad job. Now, the gentleman from New York has been expounding his own theory for a long time, that the way to overcome inflation, the way to put the country back on its feet, is to give everybody a big tax cut. But if we give everybody the tax cut that he wants, this is only going to further in-

crease the deficit, and according to my simple economics that is therefore going to increase our inflation, rather than the other way around.

Now, the gentleman from New York (Mr. KEMP) has said, "Oh, no, look back on the days of President Kennedy." It was actually President Johnson's administration that put it through that we had a tax cut. But it was President Kennedy's idea. He had said: "If you give people a tax cut, you can actually increase the revenues to the Government."

It actually worked in 1965; but I would remind the gentleman from New York that the last Congress voted a \$19 billion tax cut last year, and has it increased the revenues over what we got before? No, it has not. And it has not stopped our inflation either. In fact we gave the American people last year a greater tax cut than the Kemp-Roth bill would have provided in its first year. If the Kemp theory were true we ought to be well on the way toward increasing revenues. Instead we have more inflation.

The gentleman talks about how we have been trying to deprive the constituents of my friend from California (Mr. DELLUMS)—and it is not often that I agree with him—but I think he is on sound ground in this particular aspect. This Congress has been trying to deprive his California constituents of housing, but as the gentleman himself pointed out, everytime we build a house, there must be a vast commitment of Federal dollars in it. So if we are seriously going to try to reduce the money supply, then we cannot expand the amount of dollars going into housing.

Further, I would point out to the gentleman from New York (Mr. KEMP) that the strongest exponent of the economic policy of this administration is a distinguished Republican, Mr. Volcker, who served with great distinction in the Nixon administration, and who is today the strongest advocate of tight money, of reducing the money supply, and avoiding cutting taxes during a period of serious inflation.

□ 1530

So I think we ought to recognize frankly that the gentleman's formula has not succeeded. This one we are following is not succeeding very well either, I will admit. But I think maybe we are moving in the right direction and we are moving under the leadership of Chairman Volcker, one of the most eloquent spokesmen of the kind of conservative economics which I had always assumed the party of the gentleman from New York (Mr. KEMP) had always espoused.

So we ought to cut out this business about how the Democrats are trying to slow the economy down. Rather we are trying to take a responsible attitude toward reducing the deficit, toward reducing Federal spending, but in a way that will not put everybody on the street selling apples, oranges, and pencils.

Mr. DELLUMS. Mr. Chairman, will my colleague yield to me?

Mr. SIMON. I yield to the gentleman from California.

Mr. DELLUMS. I thank my colleague for yielding.

(At the request of Mr. DELLUMS, and by unanimous consent, Mr. SIMON was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. I would like to add another dimension to this debate, Mr. Chairman. I think this debate on the budget is an incredibly important debate, perhaps the most important debate we will have during the 96th Congress. I have asserted upon a number of occasions that a nation's budget reflects its priorities and its priorities in turn reflect its values. Whatever society perceives as important is where society puts its dollars. It is a whole debate around priorities which is very important as I conceive it.

Mr. Chairman, I would like to put in very stark terms what my distinguished colleague in the well has pointed out with respect to this substitute. It has nothing to do with partisanship. I think Republican-Democrat has nothing to do with the critical issues, and at some point we need to rise above that. I like to think that is what I am doing.

I would like to speak specifically to this proposal. On the one side this substitute suggests a \$20 billion tax cut. In very everyday terms that means reducing the amount of revenues available to the Federal Government by \$20 billion. Now, let that stay there for just a moment.

Last week when we debated the military budget, I talked not about gold plating or malfeasance but about a much more incredibly important issue and that is the economics of modern warfare. I suggested that, based upon the assumptions of the President's 1980 military budget, that if you simply increase the budget by 9 percent, which is lower than the inflation rate, for the next 10 years, America would be spending \$1.8 trillion in the decade of the 1980's on the military function alone. Using the figure of increasing the budget by 9 percent by the year 1990, this Congress will be acting on a military budget of \$260 billion.

Mr. Chairman, a number of my colleagues were shocked by the statement I made but I would point out the action taken by the other body on last evening. They suggested an increase above and beyond what the President had asked for of 3 percent and in the years 1981 and 1982, a 5-percent increase over and above the inflation rate.

Mr. Chairman, let us suggest the inflation rate is simply 10 percent in 1981 and 1982. If we add 5 percent above and beyond that 10 percent we are increasing the military budget by 15 percent per year over the next 2 years, not counting 1980.

We are already talking about budget authority to the extent of approximately \$139 billion. The shocking reality is that we will go beyond \$1.8 trillion if we acquiesce in what the other body has done in terms of this incredibly significant increase in the military budget.

Mr. Chairman, what does that mean for this resolution? If, on the one hand, we are suggesting a \$20 billion cut in taxes and, on the other hand, acquiesc-

ing to an incredibly rapidly rising military budget in fiscal year 1981 and fiscal year 1982 of 15 percent including inflation and real growth, you are talking about approximately \$214 billion by the year 1984.

Mr. Chairman, if all of us agree we have a function in our Government beyond defense, dealing with the human misery of people in this country, all colors, sizes, weights, and shapes, living in urban, rural and suburban America, then I would suggest to you that you cannot on the one hand, acquiesce in an incredibly inflated, increased military budget, on the one hand, and then cutting the amount of revenue for Government, on the other, because the only people who get harmed in that squeeze are the human beings that every single one of us on January the 5th when we were sworn in raised our hands to support the Constitution. The Constitution says we have a function to deal with human beings. I am simply suggesting we are not dealing with the serious realities of the incredibly inflated aspects of the economics of modern military affairs and warfare.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. DELLUMS, and by unanimous consent, Mr. SIMON was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. Will the gentleman yield, Mr. Chairman?

Mr. SIMON. I yield to the gentleman from California.

Mr. DELLUMS. I am simply suggesting and I realize a lot of people would like to vote and run home, but this is a terribly important debate here and I am going to take the time to make this statement.

Mr. Chairman, we cannot, as I perceive it, cut \$20 billion by giving a tax cut which has all the political benefits involved in it. I do not question anybody's motives, but the reality is if you cut that \$20 billion away and then you vote to increase the military budget, in the non-military function of our Government we will deteriorate.

Mr. Chairman, I am simply suggesting to my colleagues that all this theory about the vulnerability of our strategic triad, nobody is bombing the United States. If we explode it will not be because of some nuclear device from the Soviet Union, it will explode because millions of American human beings, all colors, will believe that this Government is moving away from dealing with this incredible responsibility.

Perhaps I am a naive human being but I think the function of Government is to reflect the will of the majority of people.

Mr. Chairman, when we as a people decided to band together in society and evolve a government, then we said we would take unto ourselves certain responsibilities. I am suggesting to my colleagues on the other side of the aisle that this budget does not deal with that. No matter how articulately you respond, you cannot justify, on the one hand, an incredible cut and then an incredible increase in the military budget and say

with a straight face that we are going to deal with the human misery of millions of people in this country. You cannot do it on the mere facts of the economics alone.

Mr. Chairman, I would suggest that at some point during this debate we deal with what it means to increase the military budget by 5 percent over a 10- or 11-percent inflation rate.

Mr. Chairman, most of the American people are totally ignorant with respect to how much money we are spending. I would suggest that that kind of military budget in and of itself is inflationary and we are going to end up down the road in the decade of the 1980's, by 1990, if we live that long—either one or two things will happen: As you put more and more of your Federal dollars into a smaller and smaller segment of the economy, at some point the bottom is going to drop out from the sheer weight of the military budget alone and at some point we need to talk about priorities. I do not think the No. 1 priority in this country is sending a military budget through the roof that in the decade of the 1980's will reach an incredible figure, minimum and conservatively of \$1.8 billion.

I thank my colleague for yielding to me. I feel very strongly about this. I think if we are going to talk about priorities, let us talk about literally who gets harmed in these proposals where you squeeze the human side of our budget. That is important to me.

Mr. Chairman, the gentleman has made an important point. I would like to hope I have made some contribution in trying to put in stark dramatic terms what we are about to do in this body.

Mr. Chairman, one last comment. My colleague mentioned my leader. The only leader I have on the floor of this Congress is what I perceive to be proper, what I perceive to be right, based on a set of values that I came here with. If that is not Democratic or not Republican, then so be it. I am not at all sure in any way that I agree with all of the assumptions in this budget that the Democrats have presented. There are many things we can attack from that side. My hope would be we could rise above our partisanship and deal with the reality of the human misery in this country. If the American people would ever wake up and stop applauding increased military budgets which may some day plunge them into economic deprivation or at some time act as a trigger to blow us off the face of the Earth, then perhaps we could bring enough pressure upon this body to deal with some priorities like housing, education and welfare and other things that are vitally important.

Mr. KEMP. Mr. Chairman, will the gentleman yield to me?

Mr. SIMON. I yield to my colleague from New York.

Mr. KEMP. First of all, there is no incredible increase in defense spending nor is there an incredible reduction in taxes. It is very moderate, very modest on both accounts.

Mr. Chairman, I will, however, tell you what is stark and real about this budg-

et, I say to my friend from New York (Mr. STRATTON), who has suggested at the time of the authorization of the Council on Wage and Price Stability that the answer to inflation—I guess he learned it at Rochester in economics I—is wage and price controls.

□ 1540

I think that speaks loud and clear about the economics of the gentleman from New York (Mr. STRATTON).

Second, there is another very stark and real statistic in America today. This budget raises unemployment from 5.7 to 7.5 percent. If that is not slowing down the economy, I say to my friend, the gentleman from New York (Mr. STRATTON) what is it? He may not worry about higher unemployment but I do and it's intolerable.

Now, the stark fact is that this budget sacrifices the jobs of American people in a so-called war against inflation. I think that is wrong. That is not theory. That is reality.

He, Mr. STRATTON, says the administration is not slowing the economy and now, the gentleman from Connecticut (Mr. GIAIMO), our distinguished budget leader and a good friend of mine who serves on the Committee on Defense Appropriations with me, and for whom I have the utmost respect, has been publicly quoted as saying that the purpose of the 1980 Democratic budget was to "slow down the economy."

Mr. Carter says "steady as you go" as industrial production declines, as investment declines, as inflation and unemployment go up.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(At the request of Mr. KEMP, and by unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. KEMP. Mr. Chairman, if the gentleman will yield further, I have the New York Daily News that just a couple of months ago in which Mr. Alfred Kahn said the American people "need to learn to live with less." He said the purpose of the Carter administration's economic policy is to slow down the economy.

Now, we have the gentleman from Connecticut (Mr. GIAIMO) on record as saying that he wants to slow down the economy.

Mr. Kahn is on record saying he wants to slow down the economy. Secretary Miller of Treasury says no tax cut, steady as you go—austerity.

Well as I said before, steady as you go means steadily higher unemployment, steadily more inflation, steadily dropping productivity, and a steady decline in the standard of living of the American people. My friend Mr. STRATTON says he is satisfied with economic policy—well I am not.

Now, I do not know what the gentleman learned at Rochester. I did not learn my economics in college. I learned economics and incentives the hard way by work and commonsense and listening to people. If anybody really believes that you can fight inflation by slowing down the economy, I would like to have him answer the question what he plans to

tell the poor and the unemployed and our children about why they are sacrificed.

Now, the gentleman is one who believes that we should have wage and price controls.

The gentleman blames me for following President John Kennedy's economic policies I accept, but I ask the gentleman, why is the gentleman following Mr. Nixon's economic policies? Wage and price controls did not work then, nor did they work at any time in history. I think it is highway robbery for the Government to hold wages at 7 percent while it devalues workers paychecks by 13 percent. Wage and price controls distort the price system and marketplace and discourage production which is an important element in combating inflation.

Mr. SIMON. Mr. Chairman, let me just give a 30-second response to my colleague, the gentleman from New York.

On the jobs, what we are talking about is a massive dispersal of funds broadly or targeting where there are specific needs. From the viewpoint of the economy, I think it makes infinitely more sense to target our response to the needs of unemployment.

Mr. Chairman, I yield to the chairman of the committee, the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I would just like to refer the gentleman from New York (Mr. KEMP) to the many, many statements of the former head of the Federal Reserve, Mr. Arthur Burns, and to the present head of the Federal Reserve, Mr. Volcker, and to the one before him, Mr. Miller. You would hear a very great deal about the impact of Federal spending and the economic rate of growth on inflation.

Mr. KEMP. Mr. Chairman, will the gentleman yield, since my name was mentioned?

Mr. SIMON. Let me just add one thing and I shall yield to the gentleman.

The Chairman of the Federal Reserve Board in testifying before the Budget Committee, I asked very specifically would a tax cut be inflationary and he said yes.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, I asked him very specifically, would a tax cut be inflationary and he said "Yes." I think that is the overwhelming evidence.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague, the gentleman from New York.

Mr. KEMP. I did not hear who the gentleman asked.

Mr. SIMON. This is the Chairman of the Federal Reserve Board.

Mr. KEMP. Mr. Volcker?

Mr. SIMON. Yes.

Mr. KEMP. Well, I certainly respect Mr. Volcker but let me tell the gentleman what the former Chairman of the Federal Reserve, Mr. William Miller, now our Secretary of the Treasury, has said. I direct this to my friend, the gentleman from New York (Mr. STRATTON).

Mr. SIMON. Can the gentleman give us the time?

Mr. KEMP. He is quoted in the New York Times, saying that "slow economic growth is the only inflation cure."

I depart from that economic policy. Now, I do not suggest that there is only one way, but I do suggest we ought to try something new. "Steady as you go" means a steadily declining economy.

The price of gold today, I hear my friend, the gentleman from Connecticut whispering to my friend, the other economist from the Northeast, the gentleman from New York (Mr. STRATTON)—

Mr. GIAIMO. Mr. Chairman, if the gentleman would yield, I would be delighted to tell the gentleman what I said.

Mr. KEMP. Could I just finish my sentence?

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, I yield to the gentleman from New York (Mr. KEMP) to finish his sentence and then I will yield to the chairman of the committee.

Mr. KEMP. Because I wanted the gentleman so much to hear that today on the London gold exchange the economic policies that were so strongly endorsed by my friend, the gentleman from New York (Mr. STRATTON) have pushed the price of gold to over \$380 an ounce. Now, that is a massive vote of no confidence in the economic policies of this administration and the part of the gentleman from New York.

He criticizes me for trying something new, trying to restore the reward again for production by lowering tax rates.

I repeat, the steeply graduated income tax in America and New York is a tax on production. It is a tax on labor and capital. It is a tax on output and jobs. It is a tax that must be reduced by 30 percent or 40 percent or even 50 percent over the next few years.

How can it be inflationary to reduce the barrier between human effort and reward? How is it inflationary to encourage more production, more jobs and more investment?

Mr. SIMON. Mr. Chairman, I take back my time and I yield to the chairman of the committee.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, all that I was saying to my friend, the gentleman from New York (Mr. STRATTON) was, I said, "My Lord, I think Mr. KEMP is leaving the Republican Party."

Mr. SIMON. Mr. Chairman, let me just add one other thing and I will depart and I yield to no one further.

The old laws of supply and demand that our colleague, the gentleman from New York (Mr. STRATTON) taught, still

apply. When you increase the demand side without any certainty of increasing the supply side, you increase inflation and that reality we cannot escape, and I think we had better keep it in mind as we vote on this amendment.

Mr. REGULA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, one of the difficulties of entering this fray late in the battle is that most of the economic bullets have been fired. The debate battle thus far has brought out many points of difference in economic philosophy between the majority resolution and the minority substitute.

This debate points out the value of discussing these issues. I agree with the gentleman from California (Mr. DELUMS) that the budget resolution is a vital issue and that this debate is very important because in the proposed resolution we are setting the priorities of the Nation.

In the earlier debate we talked about the amounts allocated for veterans benefits both in budget authority and outlays. In my discussion with the distinguished chairman of the committee, I simply wanted to make the point that there was less than 1 percent difference between our figures and those of the committee and that the amounts we provided were identical to the first resolution adopted by this body. In the meantime, I have had an opportunity to talk with the gentleman from Mississippi (Mr. MONTGOMERY) and also the chairman of the Veterans Committee (Mr. ROBERTS) and the staff. I am persuaded and this is a result of the debate that the figures used in the committee resolution do reflect the amounts needed to deal with the veterans entitlements, with the increase in benefits and the impact of inflation.

Therefore, I plan to offer an amendment immediately following my remarks that will bring the levels in the Republican substitute to the identical amount that is in House Concurrent Resolution 186 before us. The amendment I will propose will remove this as an issue of contention.

Now, I would like to mention a couple of other things. Income security has been brought into this debate. I would point out that in the minority substitute we provide for an increase in outlays in the income security function of \$22.3 billion.

I would point out to my colleagues that social security increases as mandated by law will be \$17 billion in fiscal year 1980. Therefore, we have provided for these increases, and in addition our substitute provides \$5.3 billion new funding for other programs under income security in addition to the \$17 billion increase provided for social security payments.

The issue of tax cuts has been brought into this debate. I would point out to you that we are not proposing a tax cut. What we are proposing to do is to hold the line. The budget that is proposed by the majority party in effect provides for a tax increase because of the ratcheting impact of inflation and in the Republican substitute we are simply saying let us hold the line for the taxpayers of America.

Speaking to the increases, as has been pointed out in our substitute, we provide for a 6.8-percent increase in budget authority, a 6.8-percent increase in outlays. The majority party provides for 13.7 percent in budget authority, for a 10.6 percent in outlays and an 11.4-percent increase in revenues; in effect, that is an increase in what the taxpayers of the United States will have to provide either with taxes or with the taxation of having their inflation increased by printing the money to fund the \$29.225 billion Democrat deficit.

□ 1550

This is in the face of the President's request to the wage earners of America to hold the line at 7 percent. The Democrat leadership says to them, "Hold the line at 7 percent," and yet we are being offered here a budget that will overall increase outlays and taxes in excess of 10 percent.

Certainly the Republican substitute provides an increase of 6.8 percent. But I would point out one other thing: That this is an increase of 10 percent from the budget we proposed last year. It is a 6.8-percent increase, compared to the bloated fiscal year 1979 budget adopted by the majority party, but to recognize the impact of inflation it is a 10-percent increase over what we proposed last year as being a responsible fiscal year 1979 budget.

The Republican Budget of Hope does encourage savings, it does encourage capital formation, and it does encourage permanent private sector jobs. It is a response to the unanimous recommendations of the Joint Economic Committee, a bipartisan committee of the Congress, which said in its most recent report that unless we do increase productivity, unless we do increase savings, and unless we do increase capital formation, we are going to be faced with a 140-percent rate of inflation over the next 10 years. But if we do the things that the Republican substitute would achieve, we can cut that inflation rate in one-half or more.

I think the most serious indictment of the "business-as-usual" budget we have before us from the majority party today is what is happening out there in the world. Gold, as has been pointed out by the gentleman from New York (Mr. KEMP), has gone up to \$380 an ounce. I was on the floor Monday saying the same thing, only Monday it was \$350 an ounce. It has gone up \$30 in 3 days.

The prime interest rates are up to 13 plus percent.

Just today I picked up a copy of the September 18 Christian Science Monitor and in it there is an advertisement for "Swiss Franc Annuities" I hope the Members will look at this ad. I do not have the newspaper in front of me, but the advertisement says in effect that some firm is proposing to the people of America that they put their retirement dollars in Swiss francs. They point out in this advertisement that had one put his or her retirement dollars in Swiss francs 9 years ago, the \$1,000, which was used as an illustration, would today be

worth \$2,150 in purchasing power; but had one put that money in American dollars, it would be worth about \$647 in purchasing power.

What a sad commentary that it is on the fiscal policies of the U.S. Government, that we find an advertisement urging the people of this Nation to put their retirement dollars in Swiss francs, the currency of one of the very small nations of Europe, as a hedge against the inflationary policies that 25 years of Democrat control of Congress have wrought. Those are the things that indict this budget more than anything we might say.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has expired.

(By unanimous consent, Mr. REGULA was allowed to proceed for 3 additional minutes.)

Mr. REGULA. Mr. Chairman, the Democratic budget of despair increases the expectation of inflation, as reflected in the gold market, as reflected in the real estate market, and as reflected in that advertisement I mentioned. It will require more monetizing of the deficits, as has been the pattern in the past. Once again the majority proposes to substitute monetary policy for a sound fiscal policy with raging inflation as a legacy of these policies.

It will say that public jobs are superior to private sector jobs. It will say that public jobs, with no permanent future, are superior to private jobs that, as pointed out by the gentleman from New York, have a promise of permanency and are the kind of jobs that one can get a loan on to own a house and to build a future filled with hope.

In the hearings before our Committee on the Budget, repeatedly the then Federal Reserve Board Chairman, Mr. Miller, who is now Secretary of the Treasury Miller, and former Secretary of the Treasury Blumenthal both made the point that we need more investment and less deficit. That is in the record, very clearly stated by both of these gentlemen, as well as by a number of other economists who appeared before the Budget Committee.

These same witnesses also pointed out that we need to reduce the budget as a percentage of the GNP. Yet what do we have before us today? The majority party budget would increase the total to 22 percent of the GNP, as compared to 21.7 percent last year.

The Republican substitute would move in the right direction and would reduce the total Federal budget to 21.2 percent of the GNP.

We are following the recommendations of this administration. President Carter said our goal should be to get Federal outlays to 20 percent of GNP but we are not going to get to 20 percent by going upward, from 21.7 to 22 percent as this majority party budget would propose.

This budget reminds me of the song, "Promises, Promises." Each year the majority promises a future for the American people that includes a balanced

budget. The facts belie that promise. In fiscal 1979 the deficit in the budget was \$28.8 billion, as the CBO reestimated it. In the fiscal year 1980 budget of the majority party it is \$29.2 billion which includes a one-time acceleration of tax collections by \$2 billion. The real deficit compared to fiscal year 1979 is \$31.2 billion. We have had all kinds of promises that we are going to get a balanced budget, promises from the President on down, but we do not get to a balanced budget by going upward in deficits.

What we are attempting to do in the Republican substitute is to reduce that deficit so we can say to the American people that "you can look forward to a balanced budget in fiscal year 1981; that you can look forward to a day when the American dollar will regain its prestige and regain its value and that you can look forward to the fact that we will be talking about putting your retirement dollars in what should be the best currency in the world—the U.S. dollar."

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman on his very fine statement and associate myself with his remarks.

I rise in support of the Republican alternative. I think it makes a lot of sense, and I think it would get this country moving in the right direction. It would decrease inflation and increase productivity.

Mr. Chairman, we have heard a lot of interesting statistics today. We have heard, for example, that inflation is currently running at 13.5 percent, a peacetime record. We have heard that our savings rate is among the lowest of any industrialized nation. We have heard how our rate of business investment is the lowest of any of our trading partners.

We have also heard that under the proposed fiscal year 1980 budget, a budget "only" \$29 billion in deficit, the Federal Government will tax away fully 22 percent of our gross national product next year, compared to 18.4 percent under the Ford administration. If we had taken in only 18.4 percent of the GNP this year, we could today have a tax cut of \$59 billion—or more than \$900 for every taxpaying family.

As a matter of fact, since Carter became President in January of 1977, taxes have risen 15 percent, despite Democratic promises to reduce taxes. Spending levels have gone up more than \$180 billion—that is billion—an amount greater than the entire 1968 national budget! Since Carter became President, the Federal budget has amassed a cumulative deficit of \$166 billion, a peacetime record.

I could go on, but the point is clear. The document which the leadership has presented to us today represents the same tired, myopic outlook that has gotten us into the economic fix we are in today. They have not learned the lessons of the past. Their answer is more of the same. It is an answer that will not do.

The Democratic budget is a budget based on pessimism; an admission of defeat. It assumes that waste cannot be cut out, that a deficit is inevitable, and that depression is a natural course of events.

I disagree on all these counts. I believe we can cut waste, that there is nothing inevitable about a deficit, and that the economy does not have to go into a tailspin to solve its problems.

What we are proposing here today with the Republican alternative—the budget or hope—is to put the strength of the economy to work. To free up capital funds for investment. To create new jobs and new prosperity. And to leave more money in the pockets of the taxpayers.

Our prescription for what ails the economy is to remove the cause of injury, to cut back the massive tumor of Government growth which is strangling the economy, and to allow its natural strengths to prevail.

We have a strong economy—it is just tired and overheated from the abuse it has suffered under the tax and tax, spend and spend philosophy of the Democrats. By cutting taxes, by cutting waste, our budget provides the necessary funds to operate the Government, with the necessary relief to allow the economy to revive itself.

I strongly urge an aye vote for fiscal sanity and economic relief.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has again expired.

(By unanimous consent, Mr. REGULA was allowed to proceed for 3 additional minutes.)

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I wish to associate myself with the remarks of the gentleman in the well, and I rise in strong support of the Republican substitute.

It seems to me that I detect a note of panic in the majority party. They recognize the fact and they are getting the message that their plans for the economy are not really working. This Republican substitute really presents a "budget of hope."

For years, Republicans have pointed to rising taxes and accelerating inflation as the most critical problems facing our Nation today. Unfortunately, members of the Democratic Party have ignored these warnings as long as they could until inflation reached double-digit proportions and taxpayer resentment surfaced in the form of last year's proposition 13. At the same time, Republicans have suggested slowing governmental spending, cutting taxes, reducing the Federal deficit, and encouraging growth in productivity to help create private sector jobs as a way of coming to grips with this economic dilemma. Now that the majority party has acknowledged taxes and inflation as the most critical problems, one cannot help but wonder when they will realize that Republicans are just as correct in their proposed solution as they were in their problem assessment.

The solution is the "budget of hope" which will be offered as the Republican substitute to the second concurrent resolution on the budget for fiscal year 1980. It is designed to reduce inflation from 13.5 percent currently to 6 percent, increase real economic growth from almost nothing next year to a healthy 5 percent, and reduce the unemployment rate from an estimated 7.2 percent next year to 5.6 percent, by 1984. The "budget of hope" would restrain spending growth (up \$35 billion from 1979, but \$19 billion less than that reported by the Budget Committee), cut taxes \$170 billion over a 5-year period (\$20 billion in calendar year 1980), and eliminate the deficit so that the long neglected task of reducing the public debt may begin.

On the other hand, the majority's proposal is more of the same. Since President Jimmy Carter took office: First, spending levels have increased more than \$180 billion, an amount greater than the entire 1968 budget; second, cumulative deficits total \$166 billion, a peacetime record; third, the public debt has grown by \$240 billion, or 38 percent; fourth, Federal employment has grown at a rate of 6 percent; and fifth, taxes have risen 15 percent.

The Republican substitute has been carefully worked to provide the first step toward responsible and effective control of Federal expenditures. I urge its support. Failure to adopt the "budget of hope" will only confirm what is widely thought across the country, and what just might be true—that Congress has lost a grip on itself.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from New York, the ranking minority member of the Committee on Ways and Means.

Mr. CONABLE. Mr. Chairman, I thank the gentleman from Ohio (Mr. REGULA) for the work he has done. He has applied himself with great diligence and considerable perceptiveness in providing the figures that are before us.

I also rise in support of the Republican alternative. I think that many people put their faith in Government as the last refuge of the poor. One of the problems with that is that Government offers the poor symptomatic relief, but it does not deal with the sources of poverty.

Permanent jobs are found in the private sector. I think it was John Gardner, everybody's social guru, who once said that social justice and economic justice are the handmaidens of affluence and growth.

Somehow we must get the private sector expanding faster than Government if we are to move the poor from the condition of being wards of the Government and give them dignity of independence. We are going to do that only if we understand the economic dynamic that is at work in this country and do not submerge them under layers of Government.

It seems to me that is what we are trying to do here. Tax cuts are absolutely necessary not only to stabilize the rates but unleash the dynamics of our private

CXXV—1596—Part 19

sector. Tax cuts are also ultimately going to help the poor through the savings incentives and increasing capital formation that will create jobs.

Mr. Chairman, I think the gentleman from Ohio (Mr. REGULA) puts his finger on that very well in his remarks, and I want to associate myself with them fully.

Mr. REGULA. Mr. Chairman, I thank the gentleman from New York (Mr. CONABLE) for his remarks.

AMENDMENT OFFERED BY MR. REGULA TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LATTI

Mr. REGULA. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. REGULA to the amendment in the nature of a substitute offered by Mr. LATTI: In the matter relating to the appropriate level of total new budget authority increase the amount by \$107 million;

In the matter relating to the appropriate level of total budget outlays increase the amount by \$100 million;

In the matter relating to the amount of the deficit increase the amount by \$100 million;

In the matter relating to the appropriate level of the public debt increase the amount by \$100 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by \$100 million.

(7) In the matter relating to function 370: Commerce and housing credit decrease the amount for budget authority by \$100 million; and decrease the amount for outlays by \$151 million;

(13) In the matter relating to function 700: Veterans benefits and services increase the amount for budget authority by \$207 million; and increase the amount for outlays by \$251 million.

□ 1600

Mr. REGULA. Mr. Chairman, as we have discussed earlier, there is a slight difference—less than 1 percent—between the majority budget and the minority on the issue of veterans' benefits. I have been persuaded by the members of the Committee on Veterans' Affairs that this amount is necessary to fund the programs at the levels that have been enacted by the Members of this body. Therefore, the effect of this amendment will be to put the budget authority figure and the outlay figure of the minority substitute to the identical amount that is provided in the House Concurrent Resolution 186, the majority budget.

I have achieved this increase in veterans' benefits by amending the deficit by \$100 million and by reducing function 370, commerce and housing credit, by \$151 million in outlays and by making the other appropriate changes including an increase in budget authority to \$21,607 billion as provided in House Concurrent Resolution 186.

I think that this, because of the less than 1 percent difference, is an amendment that should be added to the minority resolution. It does not really change the pattern that we have outlined here—and that is a budget of hope versus a budget of despair—because we strongly support the needs of our veterans, as do all of the Members of this body.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. ROUSSELOT. So that the gentleman's amendment has the effect of restoring what the Committee on Veterans' Affairs brought to this House just a few weeks ago, and it restores that \$251 million?

Mr. REGULA. This is correct. What I have done is that I have taken the recommendations of the committee that were incorporated into the estimates of the first budget resolution and added the \$251 million in outlays and the amount required in budget authority to address the increased needs of the veterans that will result from the impact of inflation on these programs.

I have talked to the Veterans' Committee staff, the distinguished gentleman from Mississippi (Mr. MONTGOMERY) and the chairman of the Veterans' Affairs Committee (Mr. ROBERTS) and they support the need for this funding.

Mr. ROUSSELOT. So the issues that were raised by the gentleman from Texas (Mr. ROBERTS) and the gentleman from Mississippi (Mr. MONTGOMERY) are now corrected?

Mr. REGULA. Those issues would be taken care of by this amendment.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, in this carefully crafted amendment designed to assuage the veterans, who are quite aggravated, I suppose, over your cut, do I understand that you have cut commerce and housing by \$100 million?

Mr. REGULA. The outlays by \$151 million.

Mr. GIAIMO. And now what you are going to do is take it out of commerce and housing and try to make it up for the veterans that way, at least partially?

Mr. REGULA. We have taken the \$151 million from commerce and housing and we have added \$100 million to the deficit. This will make our deficit \$9.325 billion below the majority deficit plus maintaining a \$20 billion tax cut for calendar year 1981.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, the gentleman has offered this amendment solely on the basis of what the chairman and the staff have indicated would be the impact on veterans' programs; is that correct?

Mr. REGULA. Yes.

Mr. PANETTA. If other chairmen and other staff would indicate the same thing with regard to impact on their areas, would the gentleman offer similar amendments in those categories?

Mr. REGULA. We are talking in this instance about entitlement programs and programs that have already been adopted by this House.

Mr. PANETTA. Certainly there are entitlement programs regarding income se-

curity at \$4.9 billion that the gentleman is offering to cut. I am sure the chairman of the respective committees would make the comment that these things are necessary.

Mr. REGULA. Let me respond. We are proposing to increase income security by \$22.3 billion.

Mr. PANETTA. I think, if I read the gentleman's amendment correctly, there is a reduction in the amount in this budget that is presented here, a reduction to the tune of about \$4.9 billion.

Mr. REGULA. A reduction from the majority budget but an increase of \$22.3 billion as compared to CBO's estimate of fiscal year 1979 spending. Our \$22.3 billion increase will accommodate the \$17 billion increase in social security payments resulting from entitlements—and that is what we are speaking to in this veterans' amendment—plus an additional \$5.3 billion for other programs.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

Mr. Chairman, I certainly rise in support of the amendment. I would like to say that we sincerely felt on the Committee on Veterans' Affairs that the \$251 million cut would have affected the compensation payments of the veterans, who are the men who served and were service connected injured. I certainly support the amendment, and I appreciate the gentleman's restoring that cut.

Mr. REGULA. I thank the gentleman for his support.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has expired.

(On request of Mr. KEMP and by unanimous consent, Mr. REGULA was allowed to proceed for 1 additional minute.)

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from New York.

Mr. KEMP. I appreciate the gentleman's yielding.

Mr. Chairman, I would like to remind my colleagues that one reason why the gentleman from California (Mr. PANETTA) had to stand up and suggest that somehow his budget was going to be more munificent in terms of more money for income security category was because under the Democratic budget will need more income security because unemployment under the Democratic budget goes from 5.7 to 7.4 percent. This will cost the U.S. taxpayers close to \$30 billion in "support" payments.

If we allow unemployment to go up by 1.4 million, I will guarantee you that you will get more income security money for function 600 because of the aforementioned costs of lost jobs.

So let us make it clear once again that the reason we think you can reduce the amount of money in income security is because we want to hold unemployment down. Now if you like to spend money and you want more unemployment, then the gentleman from California is right on target; the Democratic budget will give both to you.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. REGULA) to the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. LATTA).

The amendment to the amendment in the nature of a substitute was agreed to.

Mr. NELSON. Mr. Chairman, I move to strike the last word.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to my distinguished colleague, the gentleman from my home State of Florida (Mr. BENNETT).

Mr. BENNETT. I thank the gentleman for yielding.

Mr. Chairman, I rise to seek an explanation on function 050, national defense. Would the chairman of the Budget Committee, Mr. GIAIMO, kindly respond to a question on the funding for a nuclear-powered aircraft carrier?

Last week this body indicated its strong support for a nuclear-powered aircraft carrier with the passage of the Defense Authorization Act for Fiscal Year 1980 (H.R. 4040). In addition, in a recent press release by the chairman of the Subcommittee on Defense Appropriations he indicated that funds were included for a Nimitz-class carrier.

Chairman GIAIMO, I now ask you—does function 050 national defense provide funding for a Nimitz-class nuclear-powered aircraft carrier?

Mr. GIAIMO. If the gentleman would yield, I would be glad to respond to the gentleman from Florida, the distinguished chairman of the Seapower Subcommittee of the Armed Services Committee. As the gentleman knows, the budget resolution does not deal in line items. That is the responsibility of the authorizing and appropriations committees.

When the gentleman from Florida offered his amendment during House consideration of the first budget resolution to increase the totals for national defense to insure that there were adequate funds for an aircraft carrier, the national defense total was \$135.3 billion in budget authority. This second resolution provides a target of \$138.2 billion, an increase of \$2.9 billion. This target clearly is adequate to fund a whole series of major weapon systems. It is the responsibility of the authorizing and appropriations committees to determine which items should be included within the overall target.

Mr. Chairman, as the gentleman well knows, I am also a member of the Appropriations Defense Subcommittee, and I can tell you that that committee to date has included within the target for national defense a nuclear-powered aircraft carrier. So you have the vote of the Appropriations Subcommittee, you have the vote which you had on the floor earlier in your authorization bill, and certainly, if it is the desire of the committees to build a nuclear carrier, it is within the purview of this budget.

Mr. BENNETT. I thank the gentleman very much.

Mr. NELSON. Mr. Chairman, I would

like to yield to the gentleman from New York (Mr. KEMP) to answer a question.

In a hypothetical, if the Republican substitute amendment did not have the proposal for which the gentleman has articulated for some time now, a tax cut—in this it is an \$8 billion tax cut in fiscal year 1980—if it did not have that, would the gentleman be supporting the Republican substitute? If it did not have the tax cut, and it just had the \$20 billion or \$19 billion cut in spending, what would be the gentleman's position on that?

Mr. KEMP. Very briefly, I would support a \$19 billion spending reduction on the basis that all Government spending, is ultimately a tax liability on the American people, either now or in the future. So lower spending means lower taxes and nonprivate economic growth and jobs.

Second, I would come to the floor with an amendment and offer a 30-percent tax rate reduction for both labor and capital as a free enterprise alternative amendment to encourage jobs, savings, investment, and entrepreneurial activity.

Mr. NELSON. Yes, I understand that.

Mr. KEMP. But, yes, I would support it, to be direct.

Mr. NELSON. The point I want to make is that, in the colloquy that the gentleman had with the chairman, where the gentleman was gently attacking the gentleman from Connecticut (Mr. GIAIMO) for the statements "live with less" or "slow down the economy" by cutting spending, the gentleman from New York is now saying that generally he has that same philosophy, too.

□ 1610

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding.

We have really gotten to the essence of the difference, and the gentleman has performed a service here if we can just take this to its logical conclusion.

I asked the gentleman from Connecticut yesterday, "Is it the purpose of the budget to slow down the economy?"

The gentleman said, "Is it the purpose of the budget to slow down spending?"

I said, "No."

"Is it his purpose to slow down the economy?"

He said, "No; the purpose is to slow down spending."

We kept arguing spending versus economic growth.

The point I am making is, I do not think cutting spending will slow down the economy. I do not consider spending the factor that leads to economic growth. You cannot spend your way to a higher level of economic growth and prosperity. England tried it and almost collapsed.

You have to invest and save and work and create jobs and to have entrepreneurs engaging in new enterprises to create growth.

Government does not create growth. People create growth. You cannot stimulate an economy, but you can stimulate people.

Does that make a difference?

Mr. NELSON. I appreciate the gentleman's comments. The gentleman and I have talked long and hard on this.

Mr. KEMP. Yes, we have. I have enjoyed every minute of it, as I did with the gentleman from Connecticut (Mr. GIAIMO).

Mr. NELSON. I want to try to make the distinction, when the gentleman from Connecticut (Mr. GIAIMO) approaches a budget trying to restrain spending, he is expressing a philosophy of restraint and trying to move toward a balanced budget ultimately.

Mr. KEMP. Does the gentleman think cutting spending is going to slow the growth of the U.S. economy? It simply means less tax expenditure on the American people, does it not? How can cutting taxes and spending hurt the economy as the majority party suggests?

Mr. NELSON. If we are moving to some kind of fiscal responsibility, we have to come in with fiscal restraint.

Now, there are several economic analyses as to what a balanced budget is going to do to help restrain inflation.

The fact is, most of the people in my district and most of the business community around this country feel that if we move toward the balanced budget, we are going to be moving to a position of more fiscal integrity, and that is going to increase the business confidence and climate in the Nation.

I just do not want the gentleman jumping all over my chairman over there.

Mr. KEMP. Far be it from me to jump on the chairman. He is much bigger than I am.

Would the gentleman suggest we should balance the budget by raising taxes?

The CHAIRMAN. The time of the gentleman from Florida (Mr. NELSON) has expired.

(At the request of Mr. KEMP, and by unanimous consent, Mr. NELSON was allowed to proceed for 4 additional minutes.)

Mr. KEMP. If the gentleman will continue to yield, is it the gentleman's position we should balance the budget by raising taxes today?

Mr. NELSON. No.

Mr. KEMP. Are taxes going up, I would say to the gentleman?

Mr. NELSON. I am trying to segregate out his tax question, the Republican substitute from the question of the spending level.

Mr. KEMP. So am I.

Mr. NELSON. That is the point I am trying to make to the gentleman.

Mr. KEMP. If the gentleman will continue to yield, in order to balance the budget, a goal that the gentleman and I share, and the gentleman from Connecticut (Mr. GIAIMO) shares, and the whole country shares, would the gentleman subscribe to the idea that the way to balance the budget is to raise everyone's taxes?

Mr. NELSON. Of course not.

Mr. KEMP. Then the gentleman ought to take a look at his party's budget resolution, because it accepts a \$30 billion tax increase as a means of fiscal austerity and balancing the budget. That is not my view of fiscal austerity. I want to balance the budget by expanding the economy.

Mr. NELSON. Let me ask the gentleman from Ohio (Mr. LATTA) another question, for a point of clarification.

Mr. KEMP. Has the gentleman finished?

Mr. NELSON. I am going to run out of time here and I have a question for Mr. LATTA.

In function 850, the gentleman from Ohio (Mr. LATTA) has a reduction of \$575 million, a reduction from the Budget Committee's resolution.

Could the gentleman tell me what that is targeted toward?

Mr. LATTA. Let me first point out that that is not a reduction. It is merely a reduction from what I consider a bloated budget resolution reported out by the majority members of the Budget Committee.

Mr. NELSON. I am genuinely seeking information here.

Mr. LATTA. The gentleman is talking about function 850?

Mr. NELSON. That is correct.

Mr. LATTA. That could come out of general revenue sharing or any other program, but as I mentioned earlier, we are not going to stipulate where that money is going to come from. In outlays, we are only talking about a reduction of \$96 million out of \$8.5 billion.

Mr. NELSON. If your suggested reduction would come out of general revenue sharing, that would get us closer to the target that we set in the first budget resolution, would it not, for general revenue sharing to the States? Is that correct? Somewhat closer?

Mr. LATTA. Yes, it would be closer.

Mr. NELSON. In the first budget resolution, we cut \$685 million from general revenue sharing to the 50 States.

I would ask the gentleman why the gentleman and others did not support the \$685 million cut from the appropriations bill for revenue sharing to the States? Why did not the gentleman support it then?

Mr. LATTA. Again, let me repeat to my friend that there are other antirecessionary measures under that function, and that little reduction could come out of them.

The gentleman is stressing just revenue sharing. There are other programs that could be cut by this very, very slight amount.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I was going to respond to the gentleman's question.

Many of us voted for that cut.

Mr. NELSON. I know and I appreciate that.

Many others over here did not, including, I think, the gentleman from Ohio (Mr. LATTA).

The CHAIRMAN. The time of the gentleman from Florida (Mr. NELSON) has again expired.

(By unanimous consent, Mr. NELSON was allowed to proceed for 2 additional minutes.)

Mr. NELSON. If I may address another question to the gentleman from Ohio (Mr. LATTA). In function 270, the gentleman is cutting \$12.2 billion in budget authority. Can the gentleman give me a reason of why that large a cut?

Is not that cutting the synthetic fuels program?

Mr. LATTA. Let me say to the gentleman that we are not cutting from fiscal year 1979, and "cutting" is the wrong word to use. We are merely slowing down some of the growth of our outlays. It has already been indicated by the administration that it cannot possibly use in this next fiscal year all of the money that they originally stated for this function. We are putting in all of the money that we think it can possibly use in fiscal 1980.

Mr. NELSON. I would just say this in response, that we in the Budget Committee have already cut what the President had originally requested in budget authority for the synthetic fuels program.

I was reluctant to even cut in the committee since we are in the intolerable situation of being in the clutches of the OPEC cartel, because we import one-half of our daily oil consumption. One of the most important parts of the budget in fiscal year 1980 is the energy function 270. It includes the start-up budget authority for building the synthetic fuels industry. To survive, we must move boldly to reduce our dependence on imported oil.

The substitute amendment cuts \$12.266 billion from the synthetic fuels program, the same amount the Budget Committee inserted for the program. The substitute amendment completely guts the program. In times of economic energy war, this is not a wise move.

Mr. STOCKMAN. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from Michigan.

Mr. STOCKMAN. I thank the gentleman for yielding.

The gentleman was making a point a moment ago about the balanced budget. Obviously, we all agree with that, but the point I think we were trying to get across that really did not come through was there is not just one way to balance the budget. There are 100 possible balanced budgets. You can balance it at 20 percent of the GNP or 25 or 30. I think the point we were trying to make is if you adopt the policy in this budget which is to allow taxes and revenues just to ride up with the inflation rate, some day you may indeed get to a balanced budget. It is going to be at a far higher fraction of our national income than it is today; and that in the process of reaching that level, and in your budget, if you do not cut taxes in the next 4 years, it will be 24 percent of the national income that we are taxing, you will so penalize the productive sector of the economy that all of the gains that you hope for from balancing the budget will be lost in the process.

Therefore, the balanced budget is critically important.

The CHAIRMAN. The time of the gentleman from Florida (Mr. NELSON) has again expired.

(At the request of Mr. STOCKMAN and by unanimous consent, Mr. NELSON was allowed to proceed for 2 additional minutes.)

Mr. STOCKMAN. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from Michigan.

Mr. STOCKMAN. I would suggest to the gentleman that, as we seek a balanced budget, the only way we are going to get it is through expenditure restraint so that we do not have to allow these backdoor increases in taxes to finance the movement toward the balance that he seeks.

I think that was the point that we are attempting to make over here.

Mr. NELSON. The question is, which comes first, the chicken or the egg? As we move to try to rein in inflation, one distinct way to approach it is the restraint on spending.

I appreciate the gentleman's comments.

I yield back the balance of my time, Mr. Chairman.

Mr. PANETTA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the basic weakness in amendments like this is that they fail to address the specific areas that are going to be reduced.

We are talking about a budget that is 75 percent uncontrollable, 75 percent of various entitlement programs and mandated spending.

We had one such area raised here by the Republican alternative that dealt with the veterans' programs. When it was decided that this reduction would strike at entitlement benefits, it was said, "By God, this deals with entitlement programs and the veterans' area, and therefore, we had better move to get rid of it because it might hurt veterans."

Well, the fact is most of these areas reduced by this amendment deal with entitlement programs. I am not saying that entitlement programs are right, but that is the reality that we are dealing with, 75 percent of the budget that is uncontrollable, and 25 percent that is discretionary.

It is not easy to start focusing on those entitlement programs and deciding how we will reform those programs. How do we do it? Who do we impact in terms of reduction? Surely the Members of the House are entitled to know where specifically these reductions are to be made and not vote on proposals that shotgun potential savings without saying where or how.

□ 1620

Not one amendment that is now offered in this Republican alternative was offered in committee, not one, because they did not want to address the specifics as to how are we going to reduce this budget.

That is the challenge that faces this Congress. Where are we going to look? We have developed in the legislative savings task force \$4.2 billion in legislative savings that go after entitlement programs, reforms in various areas. We are having a difficult time getting the committees to focus on those reforms, on those legislative savings. They are doing it, we appreciate their cooperation, but the fact is that the challenge is to deal with specific reductions—that is where the focus has to be, on legislative savings, on reforms and on ongoing programs.

We simply cannot throw out a general figure of \$4.9 billion in income security and not talk specifics. We cannot throw out a figure of \$1.5 billion in transportation and not talk specifics. We cannot throw out \$2.5 billion in the education and training area and not talk specifics because it is specific program reductions that will impact on people.

We have been working in this area desperately to try to find legislative savings that will bring this budget down. Let us be responsible in trying to reduce this budget. Let us just not promise everything to everybody, because the fact is that promising everything to everybody is probably what got us in trouble in the first place.

It does not help to have an alternative that promises tax reductions, that promises other reductions, that promises defense increases and that promises a balanced budget. The fact is it is not going to happen unless we develop specific reforms in entitlement programs. That is the reality that we deal with in the budget process, and that is why this alternative ought to be rejected.

Mr. KEMP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is obvious that Members of Congress on both sides of the aisle would like to help balance the budget.

The question is how do we get there? President John F. Kennedy once said:

Our present choice is not between a tax cut and a balanced budget. The choice, rather, is between chronic deficits arising out of a slow rate of economic growth, and temporary deficits stemming from a tax program designed to promote fuller use of our resources and more rapid economic growth. . . . The purpose of cutting taxes, I repeat, is not to create a deficit but to increase investment, employment, and the prospects for a balanced budget.

President Kennedy was speaking in 1963 when he advocated a major reduction in tax rates despite the presence of what was for that time a large deficit. It seems to me that the budget document before us raises still larger questions.

Why are we going backward as a nation? Why are we producing fewer goods today than we were last year? Why are we going backward on inflation, with prices rising faster today than they were last year? Why are we going backward in our real reward for our effort, which is lower today than it was 10 years ago?

The reason we are going backward is that our Government is thinking backward. Our Government operates on a theory that says Government causes economic growth, and people cause inflation. This theory says the Government stimulates the economy by issuing IOU's, either by creating public debt or printing money.

But when we have inflation, the Government says it's because the economy is "overheating." People are getting too greedy and doing too well—too many workers are working, businesses are doing too much business, producers are producing too much, and consumers are consuming too much. Barry Bosworth has said inflation is caused by "the average

American." President Carter says Americans are too "self-indulgent."

So the administration gives us three choices for stopping inflation—voluntary wage and price controls, the threat of mandatory wage and price controls, or a severe recession. The way to stop inflation, they say, is "austerity"—to get Americans to lower their expectations and their standard of living. To do this the Government uses high tax rates, unemployment, and wage and price controls.

"The Carter administration admits that the Government simply does not know how to administer wage and price controls," according to Bosworth, the former Director of the Council on Wage and Price Stability. But, he said, "unless something like this works, wages can be held down only by creating fear that workers are going to lose their jobs."

How does this work, you might ask? Bosworth explained:

If the restraints are really to have an impact on the rate of inflation, government expenditures must be reduced, and aggregate demand, production and employment must also be reduced. The result will be to throw a few million people out of work. To be sure, if enough of them are out of work, they will cease asking for wage increases. No one likes to say that, but that is what lies at the heart of the proposal for fiscal and monetary restraint.

The problem is that it is not working. They told us last year that if we did not have an income tax cut, inflation would go down. They told us that if the administration succeeded in slowing down the economy, inflation would go down. They told us that if we slowed down the housing industry, the price of housing would go down. So we did not have an across-the-board cut in income tax rates, and inflation went up. The administration succeeded beyond its wildest dreams in slowing down the economy, and inflation went up to record levels. The administration succeeded in slowing down the housing industry, and the price of housing skyrocketed.

Now we know that times will be very bad for the next couple of years. First the administration said there would be no recession, and the unemployment rate would go up to 6.2 percent this year and then down to 6 percent next year. Then they revised that forecast and said we might have a recession and that unemployment would go up to 6.9 percent by next year. Now they say we are in a recession, and unemployment may go up to 8.2 percent next year.

Do they plan to do anything to prevent it? No. It is steady as we go. Do nothing until after unemployment increases. Do they plan to scrap wage and price controls after the 7-percent solution failed to prevent inflation from rising to 13 percent? No. They are going to try harder. Alfred Kahn, chairman of the Council on Wage and Price stability explains it all away by saying that the controls are actually working. He says, if you take away food, housing, and energy, the inflation figures do not look that bad at all. He points out that wages did not keep up with inflation, and the job of the second year of the guidelines

as he sees it is to keep it that way. He was quoted the other day in the New York Times as "predicting the oncoming recession would make the program work better."

All of this is wrong—backward. The Government does not cause economic growth, and individual Americans do not cause inflation. Only the Government can cause inflation, and only individuals can cause economic growth.

No worker, union, businessman, or consumer can devalue the U.S. dollar. The dollar is governed by supply and demand, like everything else. When the Government supplies more dollars than people demand, the value of each dollar drops. And only the Government can create dollars.

By the same token, only individuals cause economic growth. You cannot stimulate economies—you can only stimulate individuals, and you do that with incentives or rewards. People do not work for government IOU's, they work for their real reward after taxes and inflation.

That is what the Republican budget substitute is all about—restoring incentives on the supply side through tax-rate reduction, and restraining spending increases and money creation.

We do not need any more dollars. We are already getting 13 percent more dollars a year than we can use. The answer to inflation is not to hire fewer people to earn less to produce fewer goods. What we need is more rewards for more jobs to produce more goods.

The Republican substitute budget amendment, which amounts to a \$20 billion cut starting January 1, combined with a reduction in spending of \$20 billion, does not work, the majority tells us, because the econometric model used by the Congressional Budget Office shows that there will be no net "stimulus" to the number of government IOU's floating around and no difference in inflation or unemployment. In other words, they say Americans will not respond to less spending burden and greater after-tax incentives.

I admit I am disappointed that the Republican budget does not include a larger tax cut to start the task of rebuilding our country. But I think that it is light-years ahead of the desperate budget of the Democratic Party, the majority party, which actually seeks to raise unemployment.

Mr. Chairman, the majority is telling us they want at least a million and a half more working Americans to lose their jobs in the next 12 months.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. KEMP was allowed to proceed for 4 additional minutes.)

Mr. KEMP. Mr. Chairman, the proposed second budget resolution for fiscal 1980 completely discredits the Congressional Budget Office, on whose theories it is based. Nothing more clearly typifies the misguided notions of national policy which have damaged our economy, or the absurd conclusions to which these policies can bring the Government.

Let us be explicit. The Democratic leadership admits that this budget is de-

signed to raise unemployment. The majority, like the Carter administration, argues it is necessary to put another 1.5 to 2.5 million Americans out of their jobs for several years in the name of fighting inflation. Earlier this week, the distinguished House Budget Committee chairman, Mr. GIALO, conceded that the fiscal 1980 budget "was deliberately fashioned to slow the economy down." The Budget Committee estimates that under the policies they recommend, unemployment, which has risen from 5.6 to 6 percent since we began debating this budget, would rise further to an average of 7.2 percent in 1980. Since this 7.2 percent is only an average, and unemployment is now much lower, this would indicate that unemployment will hit at least 7.5 percent in the next several months. What is more, the Budget Committee projects that if we follow their recommendations, unemployment will remain near or above 7 percent for the next 3 years, and will still remain more than 400,000 above current levels after 5 years.

All of this, as I said, is based on the theory that Government spending and deficits are what cause economic growth.

□ 1630

I wish our friend from Florida were here, but listen to what the Congressional Budget Office publicly says about spending, and Members will get an idea as to why they say more spending in their model means more growth and less Government spending means less growth: "Generally speaking, Government purchases of goods and services have more impact on output and employment than tax changes."

In another background paper the CBO explicitly argues, "Public service employment stimulates more employment and more growth in the economy than lowering taxes."

The dubious premise upon which economic policy is being made in America today, is that spending is good and saving is bad. Mr. Carter blames the lack of savings on the American people. He says some mysterious malaise that is causing the decline in the economy.

But the fact is that the Federal Government is actively discouraging Americans from saving—with excessive tax rates, with tax breaks for debt, with runaway Government-caused inflation, and credit controls on small savers. This is the CBO theory in action. There is no one left to blame but the theory. Few people with any standing in the respected academic community subscribe to it any more. Both Japan and West Germany have higher rates of savings. Is there not a correlation between savings and growth? I think there is.

I think history proves that there is, and Professor Boskin of Stanford University has empirical studies that show there is an absolute correlation between saving and the after-tax rate of return for savings; in the tax rate and the bank balance.

But the final blow to this stupid theory is that its own results do not bear it out. Last spring, the Budget Committee estimated the economy would grow 9.7 percent in nominal terms next year—that is,

real growth plus inflation. This overall figure is essentially determined by the monetary policy of the Federal Reserve system. However, the mix between real growth and inflation is not. Today, the Budget Committee's estimate of growth next year remains almost exactly the same—10.1 percent. What has changed is that instead of real growth of more than 2 percent next year, real growth is estimated as barely above zero. The result of this slowing down of the economy—according to the Budget Committee's own assumptions—will be not only higher unemployment but also higher inflation.

Last May, I stood in this well and warned that we were heading into recession. I warned that each 1 million American workers unemployed as the result of congressional economic policy would cost the budget \$20 billion in lost revenue and higher spending. Now the Budget Committee says the recession is bad enough to require \$10 billion more in recessionary spending—but not yet bad enough to do anything to reverse the policies which are causing the recession in the first place.

The CBO's and the House Budget Committee's theory is ridiculous—first they advocate slowing down the economy to balance the budget; then they come back to raise spending and widen the deficit because they find to their surprise that they have caused a recession.

Look at the budget figures. Under the Democratic budget taxes are going to go up to the tune, in the aggregate, of about \$30 billion faster than inflation.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(By unanimous consent Mr. KEMP was allowed to proceed for 2 additional minutes.)

Mr. KEMP. As I mentioned, aggregate taxes on the American people in 1980 are going to go up about \$30 billion, in real terms. I would like to see, as I mentioned earlier, a heavier or more dramatic tax rate reduction than \$20 billion, and I will certainly support the efforts of my friend from California (Mr. ROUSSELOT). Nevertheless I commend the gentleman from Ohio (Mr. LATTA) and the Republican Party for making this attempt. I would just like to see a more determined effort to keep unemployment, particularly in my part of the country, from going up.

The gentleman from Michigan (Mr. STOCKMAN) made a good point; unless we do something to reduce tax rates they are going to go up. In real terms, the average American will suffer what amounts to a 6-point jump in their income tax rate. At the same time, all those earnings between \$22,900 and \$25,900 will receive a 6.13-percent increase in their payroll tax. Corporate profits will be overstated, due to inflation, on inventory appreciation and capital consumption. This is not a battle between those who want taxes to go down and those who want to keep taxes at the same rate. This is a battle between those who want taxes to go down, and those who want them to go up. So, if Members do not vote for the Republican substitute to lower taxes, by definition they are voting for the Democratic substitute to raise taxes.

I repeat once more the remarks of President Kennedy: "The major roadblock to a full employment economy in America today is the heavy burden of taxes on the American people."

There are many who say, "If you cut taxes for business that is good for capital formation, but if you cut taxes on the American people they will only go out and spend it, or what is worse, they may even save it."

What is wrong with saving? What is wrong with the American people having the right to spend their own money? The personal income tax code is not a tax on consumption. It is a tax on production.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. RHODES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I appreciate my distinguished minority leader yielding to me. I will not take any more time. The point that I think and hope I have made today is that the purpose of reducing the tax rates on the American people is not just to give them more of their own money to spend, although they have that right. The real purpose is to break down the barriers that exist today in America between effort and reward, to encourage workers and savers and investors and producers to produce us out of both recession and inflation. I urge my Democratic colleagues to join the Republican Party in bringing that hope to the American people.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the substitute budget resolution offered by the gentleman from Ohio.

This substitute budget is a vast improvement over that offered by the Budget Committee. It represents some hope that we are on our way to achieving a balanced budget; a goal I consider all important in these times of rampant inflation.

This Republican substitute calls for restraint of Federal spending. The majority budget resolution calls for Federal spending to grow to over \$761 billion over the next 5 years, up from \$550 billion estimated for fiscal 1980. It seems as though the majority conveniently overlooks the fact that the greatest contributing factor to inflation is government spending and government borrowing.

Since 1955 the public debt has grown from \$222 billion to an estimated \$882 billion at the end of the current budget year. The Federal Government has averaged deficits of \$27.5 billion for each one of those 24 years. In the last 2 years, the public debt has grown by \$240 billion—more than we spend for agriculture, veterans' benefits, and transportation combined.

That, my colleagues, is what the majority budget resolutions have done for

America over the years. These are the reasons why we are faced with a crisis of public confidence. Except for assuring that the defense of our Nation is strong, the Congress has no greater responsibility to the people than to spend the tax dollars wisely and prudently; to collect in taxes only the amount absolutely necessary; and to pursue public policies which will protect the value of people's savings, income, and property, while encouraging real growth of productivity and wealth.

While we as a nation wish to show generosity and compassion to those in need, we must never forget, in so doing, the Government is taking resources from the backbone of our society, namely, from the people who work and save, invest and take the risk. Sadly, I believe that we have lost sight of these fundamental principles. The Federal Government has continued to proceed as if its sole function were to reward the non-productive at the expense of the productive; to favor public spending over private production, consumption, and savings.

The Republican substitute budget resolution is designed to reverse this hopeless cycle. The fundamental problems of this country are long-term and cannot be solved in 1 year. This Republican substitute is the beginning of a well-defined path to the specific goals of a balanced Federal budget, restrained spending growth, substantially lower inflation, and steady economic growth. I urge its adoption.

Mr. RHODES. Mr. Chairman, we have an opportunity here today to vote for a Republican substitute which accomplishes several things. The most important ones are, one, it will reduce the burden on the overburdened taxpayers of the United States by some \$20 billion. The next thing it does is to reduce the deficit which is projected by the majority members of the Budget Committee by \$10 billion.

Now, I think it is time for this point to be brought out at this point in the debate; that is, that on the books is a law passed by the House and the Senate and signed by the President—a provision called the Byrd amendment, which mandates that there be a balanced budget by fiscal year 1981. We now are appropriating for fiscal year 1980. Now, I do not think that there are very many people in this room who disagree with the proposition that it will be extremely difficult, if not impossible, to go to a balanced budget from a deficit of \$29 billion in 1 year.

So, it is even more important that we prepare for the day when we must have a balanced budget by law by reducing that deficit in this fiscal year. It is much more reasonable to expect that we can go to a balanced budget from a \$19 billion deficit than we can from a \$29 billion deficit.

I want to serve notice right here, Mr. Chairman, that if anybody believes that they can repeal the Byrd amendment, they are going to do it over the dead bodies of the Republican Members of the

House of Representatives. We have stood for a balanced budget for many years. We will fight to the death, if necessary, to have a balanced budget by fiscal year 1981.

There are many of us on our side of the aisle who would like to have a balanced budget now. I am one of those. I would like very much to be able to balance this budget, but we recognize that with the economy of the country the way it is right now, and with the defense requirements that we have, that perhaps it is not really possible to balance the budget in fiscal year 1980.

Republicans are working toward and we project a balanced budget in fiscal year 1981. When I say this to people around the country, I usually get approbation, applause, and cheers, because the people around the country have desired a balanced budget for so many years. And here we are actually in a position where we can tell them that they can have that balanced budget by the end of fiscal year 1981.

So, to me this is a document which is credible. It is a budget which makes sense. The macroeconomics of it have been worked out. It is true that there are a lot of people who would like to have us try to tell what the nuts and bolts of the cuts will be. We do not think it is our job to do that. We have given the broad guidelines for spending reductions. But, we think that it is the job of the legislative committees or the Appropriations Committee to do the microeconomics. The Budget Committees were set up for microeconomics, to do those things in the budgetary role which the economy of the country, which the people of the country, need to have done on a broad basis.

□ 1640

That is what we are doing now.

Mr. Chairman, I say to my good friends on the Committee of the Budget that if you lose sight of the fact that your committee was set up to consider the budget on a macroeconomics basis, then you are going to be doing work that was not meant for you at all. You are duplicating the work of the Committee on Appropriations and many of the legislative committees and I hope that in future years the role of the Committee on the Budget will become clearer, and more responsive to the "big picture" than to the nuts and bolts.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. RHODES was allowed to proceed for 2 additional minutes.)

Mr. ROTH. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I will be glad to yield to the gentleman from Wisconsin.

Mr. ROTH. I thank the gentleman for yielding.

I wish to associate myself with the gentleman's remarks. I think the gentleman in a very precise fashion has pinpointed exactly what we are attempting to do here. I wish to commend the gentleman and the other Members who have worked so hard on this alternative budget.

Mr. Chairman, I believe that this debate is very vital to the American people and I am sure the American people are well served by the debate that is going on here today.

Again, I wish to thank the gentleman from Arizona for the work that he has done.

Mr. RHODES. Mr. Chairman, I thank the gentleman from Wisconsin, for his contribution.

Mr. Chairman, it is my hope that when we vote the House of Representatives will vote for this Republican substitute which will put this country fiscally and economically back on the road to recovery.

Mr. WRIGHT. Mr. Chairman, there are three things about the substitute upon which I think we should focus. One is ideological, characteristic of the frequent disagreements between our two parties. A second item is somewhat uncharacteristic of a position I would expect of the loyal minority. The third is just simply incomprehensible.

First, let us address those reductions that the Republican substitute would have us make in social programs, programs that always have been part and parcel of this country's growth and development and its concern for human beings.

The substitute would reduce the funds available for education and job training and things related to that function of Government by \$2.5 billion.

It would reduce the amount available for health programs for the American people by \$1.3 billion.

It would reduce income security by \$4.9 billion. Almost \$5 billion would have to be squeezed somehow from social security payments, disability benefits, and things of that kind.

These are all people programs. All of them are directed to help make life more livable, to reach the most needy in our society, the dispossessed, the disinherited, the disadvantaged. We need little argument to perceive the basic philosophic character of the substitute. It would take its largest slashes, some \$8.7 billion—almost half of its total proposed reductions—from these three functions which cover such things as education, health, and social security benefits.

The second category of reduction is a less predictable one perhaps. But it has an overpowering significance in this particular year. It disturbs me very deeply that this substitute would reduce by \$12.3 billion the amount which the committee has seen fit to make available for long-term energy programs. Most of that would be earmarked as loan guarantees or long-range purchase guarantees to stimulate the private investments necessary to develop the synthetic fuels program. There is no certainty that a penny of that total amount ever would have to be expended by the Government. But it is necessary that we carry the amounts as budget authority items, not as outlays.

We voted recently to mandate such a program. I think the vote was some 268 to 18 on the House floor late in June to

commit us to develop a synthetic fuels program for this Nation. We sought to stimulate the investment by the private sector by many billions of dollars necessary to create in this country the capacity to make not less than 2 million barrels a day of synthetic petroleum from coal, oil shale, and other resources.

If we now should refuse, so soon, to make available—not as an expenditure, but simply as a long-term authority—the funds necessary to carry out that activity, what message would we send? We would have marched boldly up the hill in June with banners boldly flying only to retreat in disarray in September. Shall we draw the sword to slay the dragon, only to slink away and pick our teeth with it? The public, I suggest, would hold us in contempt if we were to retreat, so cravenly and so soon, from our long-range energy commitment.

Do we want an energy program or do we not? If we do, if we are committed to a program that is more than just cosmetic, one that will make this country energy sufficient again, then certainly we do not want to cut by one-third the amount contained in the committee resolution for long-term energy programs. That is what this substitute would do.

Finally, Mr. Chairman, I just want to suggest that Members look carefully at the proposed cut of some \$4.2 billion from that category known as allowances. After having made all the specific reductions they could identify, the authors of this substitute apparently decided they still had not cut enough. The only thing left was allowances. The committee resolution contained a total of some \$453 million for this category. But the architects of the substitute needed to find another \$4.2 billion to cut. So they propose that we take it out of the \$453 million.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 2 additional minutes.)

Mr. WRIGHT. Deciding they still had not cut as much as they wanted to cut, the authors of the substitute arbitrarily reduced allowances by some \$4.2 billion. I do not understand how you can reduce \$453 million by \$4.2 billion. There is no explanation that goes with this. They say this is not a meat-ax approach. Well, this particular proposal makes a meat ax look like a skinny scalpel.

How can we pretend to cut allowances by \$4.2 billion? It is utterly illusory. But so is the fundamental concept behind this substitute. I wish I shared the enthusiasm of the gentleman from New York (Mr. KEMP) for the esoteric philosophy that we can simply cut everybody's taxes and slash these programs and we would just wind up with money running out of our ears. I feel sure he believes in the somewhat simplistic conclusions that he espouses. I wish I could believe in their efficacy. It would be so tempting to vote for this approach. But my better judgment tells me it would not work.

We have come together as best we could in the committee. We have tried to accommodate to the extent possible

the wishes of those who want to reduce expenditures. We have gone to great pains to keep the budget deficit low, and it is substantially lower than for the current year.

□ 1650

The authors of the substitute have said that we should not compare with what is in the resolution, but with what is extant in this current year. All right, let us do that with the deficit. We have the 1980 deficit down by about \$8 billion below the deficit for this current year.

Little by little, step by step, we are moving toward the objective of a balanced budget. We have reduced the projected deficit consistently from \$66 billion in 1976.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WRIGHT) has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 1 additional minute.)

Mr. WRIGHT. Mr. Chairman, I shall not ask for any more time I just want to remind my colleagues that we have reduced the projected deficit from \$66 billion in 1976, to \$51 billion and then to \$38 billion, and now in this resolution we are down to \$29 billion. That is a prudent, responsible, economical course on the part of the committee. I ask Members to support the committee resolution and to recognize that, as superficially attractive as they might be, these figures proposed in the Republican substitute simply will not wash.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Of course, I yield to my good friend, the gentleman from Ohio.

Mr. REGULA. Mr. Chairman, I am amazed at the gentleman attacking this budget on the energy budget authority, when we provide for an increase of 223 percent, and the gentleman is saying that is not enough?

Mr. WRIGHT. Yes, if the gentleman will let me respond, it is not nearly enough. The history of our energy effort has been a history of thinking too small. It is not enough to accommodate what we set in motion so boldly last June. We acted then with great vision in calling for the development of the synthetic fuels industry that will do for us what the synthetic rubber industry did for us in World War II. This money, in my opinion, will never have to be spent. But it is necessary to be carried in Budget Authority for loan guarantees or purchase guarantees if we are to set in motion the private investments to achieve our goals. Unless this is made permissible, we will never develop the industry. And if we are too timid to do that, we will never solve our Nation's energy problem.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Latta amendment. I believe it is the only course of responsibility available to us today.

The second budget resolution calls for absolutely unacceptable spending and deficit levels. This Congress is continuing its irresponsible spending habit de-

spite obvious and vigorous opposition from the people of this country.

The first budget resolution, thanks mainly to the good example of the President, showed a tiny movement toward fiscal responsibility. Rather than our usual 11-percent spending increase, we cut back to about 8 percent—not nearly a deep enough cut, but definitely an improvement.

In this budget, we are undoing all the little good we achieved in the first resolution. If we pass it—and I certainly cannot vote for it—we will return to the level spending increases that put us into this trouble in the first place.

I cannot help remembering that if this Congress had followed President Ford's original budget recommendations, this could have been a balanced budget by now.

This resolution calls for about \$550 billion of spending and a deficit of about \$30 billion. It is the same old spending-as-usual budget. There is no self-control. There is no attempt to set priorities. There is only mindless spending for high-spending programs, many of which are discredited, duplicative, wasteful, or counterproductive.

Worse, the committee's budget understates the severity of the American economic position by understating the deficit. The distinguished chairman of the Ways and Means Committee has written the distinguished chairman of the Budget Committee making this point with uncharacteristic vigor.

It is bad enough to budget for a \$30 billion deficit. But it is really dangerous to budget for savings and extra revenue which probably are not going to be achieved.

Fortunately, there is an alternative. The latter amendment will provide a \$20 billion tax cut necessary to protect our citizens against inflation-generated tax increases, and the spending cuts necessary to produce a deficit of under \$20 billion. That Republican alternative tries to reestablish the principle of responsible spending cuts and of progress toward a balanced budget.

I urge support of the Latta amendment by every Member who wants to be responsible to the taxpayers and consumers. We have escalated all our spending programs to protect recipients of Federal largess. But, the only people not protected from inflation are taxpayers and consumers. They need a little help, too, but there is none of it here for them.

If, by some miracle, the Latta amendment should pass, we still would not be giving the people the balanced budget they want. But we would be demonstrating our intention to get to a balanced budget as speedily, and as responsibly as possible.

I know that all Federal spending is not bad. I know we need programs to take care of people who cannot take care of themselves. But, our spending is extravagant, outrageous, and obscene. Despite the fact that we have had a so-called budget process for several years now, we have no improvement. In fact, we have used the budget process as

an engine to accelerate our spending, rather than as a brake to slow it down.

I shall vote for the Latta amendment, the most responsible of the alternatives offered to us today. If, as is expected, it fails, I shall vote against the entire resolution. In its present form the second budget resolution deserves to fail.

I respectfully suggest to all my colleagues that they vote against this resolution. A budget process that produces only excesses and profligacy deserves no support.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it was my privilege to serve on the study committee on the congressional budget and to later serve on the Committee on the Budget.

There are a few comments that I want to make in regard to the budget resolution and the budget process. But before I do that I must compliment the gentleman from Connecticut (Mr. GIAMMO), the chairman of the committee. He has done an outstanding job in a very difficult situation. And I might say that his intimate knowledge of the appropriations process and the role it plays has greatly helped the Budget Committee and the Appropriations Committee to work together. In the House the Budget Committee and the Appropriations Committee are allies—with both working together to improve our fiscal situation.

ACTIONS TAKEN IN APPROPRIATIONS BILLS

I think it an appropriate time, Mr. Chairman, to report briefly as to how we stand at this point in action taken on appropriation bills as compared with the President's budget and with the first budget resolution adopted in May.

With respect to the President's budget and counting all the fiscal 1980 appropriation bills in their most recent stage of the legislative process, we are about \$7.7 billion under the budget requests of the President. That includes the \$1.5 billion congressional initiative on a synthetic fuels program contained in the Interior bill for which a budget estimate has not been submitted. Without the synthetic fuels initiative we would be about \$9.2 billion under the President's budget. This is in terms of new obligatory authority, not outlays.

Also during this session we made reductions in the supplemental appropriation bill for 1979 of some \$3.1 billion as compared with the President's requests. This is in addition to the reductions in the 1980 bills I just mentioned.

With respect to the first concurrent resolution on the budget, I am advised that our best calculations are that we are some \$370 million under the target in terms of budget authority. Again this includes the \$1.5 billion for the synthetic fuels program. Otherwise we would be approaching \$2 billion under the target. In terms of outlays, we estimate we are about on target.

Mr. Chairman, I would point out that in only 1 year—just 1 year—since World War II have the actions on the recommendations of the Appropriations Committee been over the President's budget

requests. In 34 of the last 35 years, actions of Congress on appropriations have been under the budget. I think you can conclude, based on the facts, that the traditional authorization and appropriations process has served the Congress and the Nation well.

Mr. Chairman, the facts and figures in this second budget resolution clearly reveal the problems we are faced with in dealing with the Federal budget.

Compared with the first resolution, it is proposed that budget authority be increased \$28.2 billion and outlays some \$16.7 billion. The deficit will increase \$6.2 billion.

Mr. Chairman, these are huge increases that in an earlier time would have been unthinkable. And yet, Mr. Chairman, only \$6.7 billion in outlays is for new and expanded programs—all the rest of the \$16 billion is the result of mandatory spending requirements. While \$6 billion for new programs may be far too much in these times of fiscal restraint, certainly \$10 billion for uncontrollable spending is intolerable.

A person could properly ask, "Is the Government out of control? Can't someone stop this runaway spending?"

Members who are not involved in the budget and appropriations process should take the time to understand what is happening here—because I am convinced that we are facing a dangerous situation that must be brought under control.

Inflation is in the process of eroding the strength of this Nation—its currency and the spirit of its people.

When the Budget Act was passed, and I was cochairman of the Joint Committee on Budget Control which first dealt with this matter, there was a hope that inflationary, increased spending would be brought under control.

An important factor was that so-called backdoor spending—spending that circumvented the normal appropriations process—was brought under control. This recognized that the appropriations process was the key point in controlling Federal spending. And I appreciate the fact that the chairman of the Budget Committee, Mr. GIAMMO, not only recognizes this, but has pointed it out in the general debate that occurred on the budget resolution on Monday. It is, of course, crucial that the Budget Committee and Appropriations Committee work together, and I can say in complete candor that in the House these two committees have worked together.

Mr. Chairman, I repeat that in only 1 year—just 1 year—since World War II have the actions on the recommendations of the Appropriations Committee been over the President's budget requests. In 34 of the last 35 years, actions of Congress on appropriations have been under the budget. I think you can conclude, based on the facts, that the traditional authorization and appropriations process has served the Congress and the Nation well.

The key problem is with so-called entitlements and indexed programs (that have originated in the authorizing com-

mittees.) I am afraid that these have become monsters that are about to devour us. While backdoor spending in its traditional meaning was ended with the passage of the Budget Act these even worse concepts, from a sound budget point of view, have taken its place.

If the Congress is ever going to exercise adequate control over the spending side of the budget, we must come to grips with what we call entitlements.

Entitlement authority is defined in the Congressional Budget Act as spending authority, to make payments, including loans and grants, the budget authority for which is not provided for in advance by appropriation acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

Involving primarily payments for individuals, entitlement programs have escalated in the past decade to the point where this year they constitute over 75 percent of the uncontrollable outlays and 55 percent of the total gross budget outlays. The growth in entitlement programs is evidenced when compared with 10 years ago when they constituted 64 percent of the uncontrollable outlays and only 40 percent of the total budget.

Mr. Chairman, this trend should be alarming to Members of this House, and others concerned with problems of budget control.

It is important that the Budget Committee has recognized the difficulty which entitlements present to bringing the budget under control and is proposing an initial step in this regard by including the following language in its second resolution:

Sec. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

INDEXED PRICE INCREASES

Mr. Chairman, another extremely serious problem which must be reviewed in connection with controllability involves escalator or price-increase provisions. In recent years, the enactment of legislative provisions providing for benefits under entitlement programs to increase automatically has had an enormous adverse impact on the ability to control the budget.

With the exception of Federal pay, all such adjustments become effective automatically without the requirement of any current action by Congress. All major entitlement programs involving payments for individuals are now affected by price indexes. About 58 percent of the budget authority this year involve pro-

grams which are adjusted automatically by price indexes.

The impact of these adjustments in any 1 fiscal year differs by program because of variances in effective dates and escalation percentages. However, if it is assumed, for example, that a 7-percent adjustment was in effect for all the subject programs uniformly over a 12-month period, the increased cost would be in excess of \$20 billion. In other words, through these escalator clauses, additional inflation is added to match inflation—or double inflation—and one can see that is worse than no cure.

It should be obvious to nearly everyone concerned that we cannot ever hope to beat inflation simply by keeping up with it, by increasing expenditures. You do not beat inflation by simply adding to it.

We must look at the entire budget and not isolate our attention to that shrinking portion of the budget presently classified as controllable.

I have called the attention of the House to some of these matters earlier, Mr. Chairman, but because of the nature of the measure presently before the House, our problems with getting a rein on the budget, the rampant inflation prevalent in the country today, and our deteriorating dollar, I felt they were worthy of additional review. We are going to have to come to grips with this matter if we are going to get a handle on inflation.

RECONCILIATION PROCESS

Mr. Chairman, I would also like to discuss for a moment the reconciliation process. As we are aware, the Budget Committee in the other body is attempting to utilize the reconciliation process to achieve a reduction of some \$4 billion in spending measures that have already passed that body. This has understandably caused a great deal of controversy and in my opinion was a case of putting the cart before the horse.

And I would like to take just a moment to explain what I mean by that. The budget act clearly spells out the order in which certain actions are to take place. First, the Congress adopts the first budget resolution which provides overall spending and revenue targets. Then, Congress is to complete action on bills and resolutions providing new budget authority and new spending authority. Then, Congress is to complete action on the second budget resolution, including any reconciliation directives. Then, Congress will take whatever action it desires on the actual reconciliation bill.

There is a reason for the order of this procedure, Mr. Chairman. Congress sets its overall spending goals in the first budget resolution—and Mr. Chairman, I must emphasize the word overall. Even though in considering the fiscal budget resolution we had endless hours of debate in connection with individual programs, the only thing that matters is the overall figures that are agreed to in regard to outlays, budget authority, and the amount of revenue to be raised. After the first budget resolution is agreed to then the various bills containing new budget authority and new spending au-

thority are considered in both bodies and eventually enacted into law.

Then, it is possible for the Budget Committees and the Congress to look at what has been enacted in relation to the targets in the first budget resolution and in subsequent consideration of the second budget resolution make whatever changes are necessary in view of economic changes and other factors.

The point of all this, Mr. Chairman, is that at this particular time many of the spending measures have not yet been enacted. And we must all acknowledge that the Congress is seriously behind its proper schedule in dealing with spending matters. While the House Appropriations Committee reported all but one of its bills several months ago, they have not been finalized. This is due mainly to delays in authorizations and other factors. But, and this is crucial, in the House the appropriation bills have been below the President's budget and in line with the overall targets of the first budget resolution.

But at this time neither the Budget Committee nor anyone else can assess where the Congress will be when it completes action on all the remaining spending measures. For examples, the big defense bill has not been considered and a final resolution has not been made concerning funding for synthetic fuels, along with numerous other causes.

Thus a reconciliation resolution at this time is totally premature and in some respects based on faulty and certainly incomplete information.

I believe, Mr. Chairman, that the House Budget Committee recognized this fact and other problems associated with the reconciliation process when it chose not to have a reconciliation process in connection with the Second Budget Resolution. I quote from the Budget Committee report:

In reporting the Second Budget Resolution of fiscal year 1980, the Budget Committee has not included reconciliation language. This position reflects the fact that House committees have, by and large, met the targets set in the First Budget Resolution and recognizes that there may be practical difficulties inherent in the reconciliation process.

Mr. VANDER JAGT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the distinguished majority leader has made it, indeed, clear that the two budget resolutions before us present us with a very, very clear cut choice. The Democratic budget of despair stands for higher spending and consequently higher taxing.

The Republican budget of hope tries to hold down that spending and taxing.

Over Dante's inferno there is a sign that says, "Abandon hope, all ye who enter here." The Democratic budget does abandon hope.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. VANDER JAGT. I will be glad to yield to the gentleman when my statement is finished.

The Democratic budget does abandon hope for a tax cut because it increases spending by \$54 billion.

□ 1700

The Democratic budget does indeed abandon hope of bringing inflation under control, as it anticipates an increase in the cost of living of nearly 10 percent. The Democratic budget does indeed abandon hope of more jobs, as it predicts 1.4 million additional unemployed.

The Democratic budget abandons hope of restrained Federal spending, as it represents an increase in Federal spending of 11 percent, and the Democratic budget, in my judgment, abandons hope of a balanced budget in the foreseeable future because it increases rather than decreases the size of the deficit.

The Republican budget of hope, on the other hand, sends a sign to the American people that for the first time in 26 years maybe we can make a modest change in direction as far as the trends of spending and taxing in this country are concerned.

And the changes are very modest indeed. With a \$20 billion Republican tax cut, the Government will still collect \$33 billion more in taxes next year than it does this year. Is that too big a step to ask this Congress to take?

With a holding of Federal spending growth to 7 percent instead of 11 percent, we are merely asking the Federal Government to live by the same guidelines that we impose on everybody else in America. Those would be very small steps for this Congress to take but a giant leap of hope for all Americans, and it would be a signal to all mankind that we are concerned about the dollar, and that we really mean business as far as our economy is concerned.

As a matter of fact, that is really sort of what we all campaigned for, or most of us at least, in the last election—lower spending and lower taxes.

This Republican substitute gives everybody an opportunity to put their vote where their mouth was in last fall's election because the budget resolution more than anything else that we do tells a man's true colors as to where he stands on spending and taxing levels.

I have been amazed to see many incumbents successfully running against the high spending and taxing levels which their votes and philosophy created. After the vote on this budget resolution, that will not be possible. Next year any challenger can ask any incumbent, "Where were you when they called the roll way up yonder on Wednesday, September 19, on Capitol Hill and Congress was deciding whether we were going to have more spending and taxing or less spending and taxing?"

The real tragedy of the Democratic budget of despair is that it seeks to curb inflation by using recession and unemployment. The distinguished Democratic chairman of the Committee on the Budget, who has served with such devotion, said the other day that "Of course, we didn't shout it from the housetops, but in putting the final 1980 budget resolution together, we deliberately designed it to slow down the economy." It was deliberately designed to provide additional unemployment when there is

another answer, a better answer and a better way.

Our own Joint Economic Committee said we can cut inflation in half. How? By stimulating investment, savings, and productivity.

That is exactly what the Republican tax cut is designed to do. We do that, coupled with a restraint on spending, because we heeded the advice of the distinguished chairman of the Committee on the Budget when he said, "Spending restraint is the best anti-inflation contribution this Congress can make to the Nation at this time."

Spending restraint is our best anti-inflation weapon; and yet this budget shoots spending up \$54 billion. No wonder we can look forward to nearly double-digit inflation in the next 12 months.

The choice is very clear. Do we want the Democratic answer of spending our way out of the recession that their policies deliberately brought about, or do we want the Republican answer of stimulating productivity and avoiding a recession? I think most of us feel we need to change directions, and it is high time we changed directions.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. VANDER JAGT) has expired.

(By unanimous consent, Mr. VANDER JAGT was allowed to proceed for 3 additional minutes.)

Mr. VANDER JAGT. Mr. Chairman, back in 1912, when the *Titanic* went on its maiden voyage, it was considered at that time the finest, the best, and the safest ship that had ever been built. Its nickname back then was "the Big Lifeboat," because people did not think anything could ever happen to it.

But more amazing than the amazing fact that the unsinkable ship sank is the fact that in spite of hours and hours of repeated and received messages that "There is ice in your cruising lanes," "There is danger if you don't change direction," when that big ship did smack into the iceberg, it was traveling full speed, straight ahead.

A blind man can see the signs ahead of America in the American economy if we do not change directions. But the Democratic budget says, "Steady and slow, straight ahead."

It seems to me that we need to change directions, however modestly. We need to catch up with the American people who are screaming out: "Get all this burden of spending and taxing off of us and let us produce again."

James Russell Lowell said this:

New occasions teach new duties.
We cannot make their creed our jailer.
They must forever onward sweep and upward
Who would keep abreast of truth
Nor attempt the future's portal
With the past's worn out key.

Mr. Chairman, bigger spending is a "worn out key."

The Republican substitute takes us into the decade of the 1980's with the hope of productivity, reducing inflation, and decreasing taxes. That is what the American economy needs, and that is what the American people want. Let us give the American people the hope they

deserve instead of the despair they dread.

Mr. GINGRICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as usual, the distinguished majority leader has summarized what ought to be the key issue in any budget fight when he said, "We need to be concerned with how we can"—and I quote—"help make life more livable."

In terms of making life more livable, I want to summarize what the Democratic budget does to make life more livable.

For the average working family of four with a median income of \$18,918, next year under the existing laws their taxes will go up \$379 under the Democratic budget. Is a \$379 tax increase a way of making life more livable? Does it help the working family that the gentleman from California was worried about earlier to know that they will have less spending money left to buy the energy, the food, the clothing, and the housing the gentleman said they were concerned about?

Under the Democratic budget—and these projections are not partisan; they are from the Federal Reserve Board—an average of 3,200 jobs will be lost completely in every congressional district, with the weight, of course, being heavier in the Northeast, which will lose more than the average number of jobs. In 1980, according to the Federal Reserve Board estimate, another 3,000 will lose jobs in the average congressional district.

Is that a way of making life more livable?

The distinguished chairman of the Committee on the Budget said earlier in a colloquy with the gentleman from Florida, "the Budget Committee doesn't deal in line items." That is rather a different position than the one he took when he was nagging at the ranking minority member.

Let me suggest that the Committee on the Budget should not deal in line items, and that he was exactly correct in his prepared colloquy. If we are going to have a budget resolution, if there is any gain at all in our coming in and talking about aggregates, those aggregates should have meaning in the abstract as they relate to the American economy, and we should say to ourselves, "this is what we can afford to budget, and this is what we can afford to tax." And if necessary, we should then say to ourselves in a different role, under appropriations and authorizations, "these are the ways we have to reconcile between our wants and our possibilities."

The other body is beginning to learn the process of trying to budget for real and not just for politics. I suggest that when the Members vote today, they face a simple choice, and it comes down to the key word, "responsibility."

□ 1710

If free government means anything, if this Congress has any meaning under the Constitution, then it is time for incumbents to take responsibility and, particularly, those incumbents who dominate this body by serving in the majority.

It is irresponsible to blame the Arabs and the OPEC countries for an inflation which we primarily fuel through this institution. It is irresponsible to go home and say, "I want to make life more livable, and that is why I increased your taxes by \$379 this year." It is absurd to go home and say, "I am concerned about your future, and that is why I voted to have 6,000 more people unemployed in my district this year."

I think that is exactly what the budget process is designed to get us to. Today you either vote for a tax cut or for a tax increase. You either vote to encourage people to work by creating a climate in which jobs exist or you vote to eliminate jobs. And if next year, next summer, next fall, people ask you how you voted and why, I think then is no time to be responsible and say, "Oh, it was not my fault, I did not know what I was doing, I was not sure what it meant." That is why I think this is the appropriate process. On this budget vote we decide in the aggregate for the kind of economy we want, the kind of taxes we want, and the kind of budget we think we can afford. I think now is the time to make that decision.

● Mr. EDWARDS of Oklahoma. Mr. Chairman, I support the substitute budget. Today we have before us consideration of ceilings on Federal spending and floors on Federal revenues that will be binding for next year's budget. And what is included with it? A deficit so large it was embarrassing to many members of the Budget Committee. A few numbers were jiggled around so that the deficit could be reported under the President's magical number of \$30 billion. The deficit we wound up with is awfully close to that number, too close for my comfort.

I know about deficit spending, and you all know about what is entailed in deficit spending, and every consumer in this country knows about deficit spending. But if a consumer makes plans and pays for them with a check that he cannot cover then that consumer must fear the bill collector's arrival. But in the Federal Government, we don't seem to worry about that bill collector as much as our constituents do. We propose and pass programs that are being paid for with borrowed money, and with increasing speed our debt piles up. Someday soon fear of the bill collector must take hold in Congress, for this country cannot bear inflation rising any higher, or taxes that are any heavier.

We have heard time and time again that decisions must be made in order to balance the budget—choices between good programs only, because there seem to be no bad ones. We have a proposed \$29.2 billion deficit, so obviously these choices are not being made. No one seems to be asking the committees to go back to their drawing boards and make some decisions on program priorities. We are accepting their proposals and now are being asked to pay for them with borrowed money. I do not believe that Congress cannot live within its revenues. We ask that individuals live within their incomes, and this Government is no different. We must reduce this deficit, and

relieve our taxpayers of their tax burden now, and not allow ourselves to be swept away by special interest politicking.

Along with this abominable deficit comes the high tax rates that exist today. Included in the deficit computations in the second budget resolution was the infamous windfall profits tax. It looks like there will be no relief in sight for taxpayers—either individuals or business entities. Is Congress waiting until a politically opportune moment for a tax cut? People need tax reform now as we head into this recession, not later when they do not have jobs and income on which to pay taxes.

As everyone knows, the biggest beneficiary of inflation is the Government. When we create inflation we force wage earners into higher and higher tax brackets so that for the same amount of real wages they receive, they must pay out more and more in real money taxes. We need tax cuts and tax reform or we will have tax revolt.

And what about the businessman? Where do we leave him when we do not cut taxes with this resolution? We leave him without any incentive to improve production. We tax him so heavily that he would rather get up later in the morning, linger over his coffee a bit more, than earn a few more dollars more because he would just watch those extra dollars go into the coffers of an inefficient Government. One of the most frightening statistics today is that productivity is falling. Members of the majority explain this away by saying that the average age in the work force is lower, and younger employees are less productive. I have a hard time buying this. I believe the explanation comes from the lack of incentives for business to increase productivity. Our overtaxation and overregulation of the private sector has broken down the benefits of the private enterprise system. We must quit complicating business and increase the level of both investment and employment.

Mr. Chairman, in conclusion I would like to urge this body to lose its inflationary habits. I would hope that Congress can see the folly of a \$29.2 billion deficit and relieve this country of a tax system that discourages production, which is the mainstay, the most important characteristic of this country.

The substitute budget offered today will place this country back on the road toward a responsible fiscal policy. I strongly urge its adoption. ●

● Mr. GOLDWATER. Mr. Chairman, I rise in support of the Latta substitute to this resolution.

In the six terms that I have spent as a Member of this body, I have watched budget measures come to the floor of the House, growing bigger and bigger each year. And each year I listen to my colleagues on the other side of the aisle praising their spending plan as being "reasonable in light of the state of our economy," or "not that much of an increase considering the circumstances." Well, I can tell you that the taxpayers in my congressional district are getting a severe case of indigestion from feeding the bureaucracy to serve up a bloated

budget like the one we are considering presently.

I have no intention of rehashing the statistics which abound during debates of this nature. I need not tell you what the rate of growth in the budget has been because I will hear in rebuttal that such growth is justified. It may fly here and now in this Chamber, but try telling it to my constituents, let alone, your own. Again we have a deficit to fuel the fires of inflation. Again we are spending more money than we are taking in as revenue. And as we pile up the national debt, we are turning a deaf ear to the figures being released from the administration about our weakening economy, and on the heels of rising interest rates in the banking sector of the economy.

We have a long, long way to go in budget reform. We are not going to do all that we have to do by simply passing the Latta substitute. But to put us in the right direction, we have got to get in the habit of adopting measures to cut outlays, to reduce budget authority, to reduce our deficit, and to cut taxes as a stimulus to our economy. The Republican alternative budget is a prudent substitute for the resolution we have under consideration. I urge its adoption. ●

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. Latta), as amended.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. Latta. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 230, not voting 17, as follows:

[Roll No. 483]

AYES—187

Abdnor	Daniel, R. W.	Harsha
Ambro	Dannemeyer	Heckler
Andrews,	Davis, Mich.	Hillis
N. Dak.	de la Garza	Hinson
Applegate	Deckard	Hollenbeck
Archer	Derwinski	Holt
Ashbrook	Devine	Hopkins
Atkinson	Dickinson	Horton
Bafalis	Dornan	Hubbard
Barnard	Duncan, Tenn.	Huckaby
Bauman	Edwards, Ala.	Hyde
Beard, Tenn.	Edwards, Okla.	Ichord
Bennett	Emery	Jacobs
Bereuter	Erdahl	Jeffords
Bethune	Erlenborn	Jeffries
Bouquard	Evans, Del.	Johnson, Colo.
Breaux	Evans, Ga.	Jones, Tenn.
Brockmfield	Evans, Ind.	Kelly
Brown, Ohio	Fenwick	Kemp
Broyhill	Findley	Kindness
Buchanan	Fish	Kramer
Burgener	Forsythe	Lagomarsino
Byron	Frenzel	Latta
Campbell	Gilman	Leach, Iowa
Carney	Gingrich	Leach, La.
Chappell	Goldwater	Leath, Tex.
Cheney	Goodling	Lee
Clausen	Gradison	Lent
Cleveland	Gramm	Lewis
Clinger	Grassley	Livingston
Coleman	Grisham	Loeffler
Collins, Tex.	Guyer	Lott
Conable	Hagedorn	Lujan
Corcoran	Hall, Tex.	Luken
Coughlin	Hamilton	Lungren
Courter	Hammer-	McClory
Crane, Daniel	schmidt	McCloskey
Crane, Philip	Hance	McDade
Daniel, Dan	Hansen	McDonald

McEwen
Madigan
Marks
Mariennee
Marriott
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead,
Calif.
Mottl
Myers, Ind.
Neal
Nichols
O'Brien
Pashayan
Paul
Petri
Pritchard
Quayle
Quillen

Rallsback
Reguia
Rhodes
Rinaldo
Ritter
Robinson
Roth
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Smith, Nebr.
Snowe
Snyder
Solomon
Stangeland

Stanton
Stenholm
Stockman
Stump
Symms
Tauke
Taylor
Thomas
Trible
Vander Jagt
Walker
Wampler
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wydler
Wyllie
Yatron
Young, Alaska
Young, Fla.

NOES—230

Addabbo
Akaka
Albosta
Alexander
Anderson,
Calif.
Andrews, N.C.
Annunzio
Anthony
Ashley
Aspin
AuCoin
Bailey
Baldus
Barnes
Beard, R.I.
Bedell
Bellenson
Benjamin
Bevill
Blaggi
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Brademas
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, John
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Coelho
Collins, Ill.
Conte
Conyers
Cotter
D'Amours
Danielson
Daschle
Davis, S.C.
Dellums
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
English
Ertel
Fary
Fascell
Fazio
Ferraro
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain

Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Glaimo
Gibbons
Ginn
Glickman
Gonzalez
Gore
Gray
Green
Guarini
Gudger
Hall, Ohio
Hanley
Harkin
Harris
Hawkins
Hefner
Heftel
Hightower
Holland
Holtzman
Howard
Hughes
Hutto
Ireland
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Leand
Levitas
Lloyd
Long, La.
Long, Md.
Lowry
Lundine
McCormack
McHugh
McKay
Maguire
Markay
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Nedzi
Nelson

Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Roberts
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Russo
Sabo
Santini
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Smon
Skelton
Slack
Smith, Iowa
Solarz
Spelman
St Germain
Stack
Staggers
Stark
Steed
Stewart
Stokes
Stratton
Studds
Swift
Synar
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Whitley
Whitten
Williams, Mont.
Wirth
Wolf
Wolpe
Wright
Wyatt
Yates
Young, Mo.
Zablocki
Zeferetti

NOT VOTING—17

Anderson, Ill.
Badham
Boland
Bowen
Brinkley
Butler

Carter
Corman
Duncan, Oreg.
Flood
McKinney
Murphy, N.Y.

Pickle
Roybal
Treen
Wilson, C. H.
Winn

□ 1720

The Clerk announced the following pairs:

On this vote:

Mr. Winn for, with Mr. Bolland against.
Mr. Carter for, with Mr. Corman against.
Mr. Butler for, with Mr. Murphy of New York against.

Mr. Badham for, with Mr. Flood against.

Mr. WHITE and Mr. JONES of Tennessee changed their vote from "no" to "aye."

So the amendment in the nature of a substitute, as amended, was rejected.

The result of the vote was announced as above recorded.

□ 1730

AMENDMENT OFFERED BY MR. RUDD

Mr. RUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUDD: In the matter relating to the appropriate level of total new budget authority increase the amount by \$6,384 million;

In the matter relating to the appropriate level of total budget outlays increase the amount by \$4,693 million;

In the matter relating to the amount of the deficit increase the amount by \$4,693 million;

In the matter relating to the appropriate level of the public debt increase the amount by \$4,693 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by \$4,693 million;

(1) In the matter relating to function 050: national defense increase the amount for budget authority by \$6,384 million; and increase the amount for outlays by \$4,693 million.

Mr. RUDD (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. RUDD. Mr. Chairman, this amendment will provide for 5 percent real growth in defense spending in the 1980 Federal budget.

Such real growth in our defense budget is vitally needed now in order to start replacing obsolete and worn out ships and aircraft in our military inventory.

It is also needed to stem the growing margin of military superiority over the United States being gained by the Soviet Union, which is spending \$50 billion a year more than the United States on military hardware.

It is because of this growing Soviet military might in conventional and strategic forces that we and other free nations are now confronted with increased military adventurism supported by the Soviet Union in the Middle East, Africa, and even off our own shores in Cuba and Latin America.

The American people expect this Congress to take resolute action to start rebuilding and modernizing our U.S. military forces, in order to counter this threat to our Nation's security.

We should lay the needed groundwork for such action by adopting this amendment to add \$4.7 billion to next year's defense spending.

The most recent analysis by defense experts at the Library of Congress shows that our Navy must build 339 ships and submarines to replace retiring vessels over the next 25 years.

This is the minimum necessary to maintain our worldwide fleet at its current capability with a force level of only 500 vessels.

The annual cost of this shipbuilding program is about \$8 billion, and each new vessel requires from 3 to 5 years to bring on line.

The resolution before us is at least \$2 billion short for shipbuilding alone.

The same problem faces our Navy in the replacement of combat aircraft.

We need about 180 new fighter aircraft each year to maintain naval and marine air wings at their current authorized strength.

But defense budget cutbacks of \$46 billion since 1977 in the procurement area have allowed the Navy to purchase an average of only 83 aircraft per year during the past 5 years.

This resolution as it stands will allow appropriations for the Navy to purchase only 66 replacement combat aircraft next year.

Unless we reverse this pattern of budget constraint in the defense area, attrition will exceed deliveries by several hundred fighter aircraft within the next few years.

These cuts into the very muscle of our military strength, and only invites further Soviet military adventurism throughout the world.

The President made a solemn commitment to our NATO allies for at least a 3-percent real growth in our defense budget.

Opponents of increased defense spending now argue that the President's pledge only applies to the NATO portion of the entire budget, which they say is accommodated by this resolution.

But this is playing games with the numbers.

This resolution as it stands provides for only 1.3 percent real growth in 1980 defense outlays.

Even with my amendment, we would be unable right away to overcome the more than \$9 billion a year in cuts since 1977 that have been taken from planned military procurement.

In light of the stronger and modernized Soviet military machine that is on the move throughout the world, I urge my colleagues to vote "yes" for this amendment—and "yes" for what should be our No. 1 budget priority this year or any year—our national defense.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. RUDD).

The question was taken; and on a division (demanded by Mr. RUDD) there were—ayes 20, noes 43.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. YOUNG OF FLORIDA

Mr. YOUNG of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Florida: In the matter relating to the appropriate level of total new budget authority reduce the amount by \$350 million;

In the matter relating to the appropriate level of total budget outlays reduce the amount by \$50 million;

In the matter relating to the amount of the deficit reduce the amount by \$50 million;

In the matter relating to the appropriate level of the public debt reduce the amount by \$50 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, reduce the amount by \$50 million.

(2) In the matter relating to function 150: International affairs reduce the amount for budget authority by \$350 million; and reduce the amount for outlays by \$50 million.

□ 1740

Mr. YOUNG of Florida. Mr. Chairman, this noncontroversial amendment merely reduces the budget target in this resolution from its existing dollar figure to the amount that has already been appropriated by this House. It is not a meat ax; it is a laser scalpel. It is not a broad approach that does not tell us where we want to make the reduction. It is very specific in that it would make this resolution reflect to the exact degree as appropriated by this House for the foreign aid programs.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, as I understand what the gentleman's amendment would do, it would reduce the amount appropriated by the House bill.

Mr. YOUNG of Florida. That is correct.

Mr. GIAIMO. Let me just say that I was going to do this in committee. The majority of the committee felt that we should not be so close since the legislation has not wended its way through conference as yet, and that the final figure might be higher. I do understand what the gentleman is trying to do.

Mr. YOUNG of Florida. I thank the gentleman for that comment. Let me say this: Of course, this budget resolution has to travel the same path as does the foreign aid appropriations bill, so if adjustments are made in the other body or in conference, the same adjustments would be made in this budget resolution.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, let me commend the gentleman for offering this amendment. I think it is right on target, that the budget figure should not be higher than the appropriations already voted by this House. So, I support it wholeheartedly.

Mr. YOUNG of Florida. I thank the gentleman.

Mr. SOLARZ. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to my distinguished colleague from New York for his acceptance of the amendment.

Mr. SOLARZ. Mr. Chairman, I thank the gentleman for yielding. I must say that I find the amendment a lot more reasonable than many of the other amendments the gentleman has offered concerning the foreign aid program, but I am constrained to say that I really cannot accept it, and I would urge our colleagues to reject it largely because we were to accept the gentleman's amendment we would have no flexibility whatsoever in terms of any emergency situations that might develop which would require modest increases in our foreign aid program above and beyond the level approved in the recent House-passed appropriations bill.

For example, we can be reasonably sure that as a result of the recent hurricanes in the Caribbean, that we will be confronted with a request for supplemental assistance, for disaster assistance, relief to the countries that were ravaged by that disaster. There is a very real possibility that the administration may ask us for some supplemental funds for the foreign aid program in Nicaragua. There are various other possibilities that might require additional assistance, and if we do not have a little bit of leeway in function 150 it would be extremely difficult for the gentleman's committee, if they decided that those requests had some merit and substance, to provide the additional funds that would be required at that time.

Mr. YOUNG of Florida. The gentleman is aware that the contingencies he mentions would, of course, require action by the House and the other body as well. So, whatever limit we put in here would be accounted for there. I am simply saying that the House passed a bill at a certain dollar figure. That is what the budget resolution ought to be. If we have to trade off with the Senate we ought to have a few bargaining chips, and this would be one chip, if the Senate tries to increase the spending by that many more dollars.

I think it is a good amendment. It is an opportunity to reduce the size of this budget resolution without reducing any program we have already appropriated for.

Mr. SOLARZ. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman who offered the amendment pointed out that if his amendment was adopted it would give us the opportunity to have more flexibility when we go into conference with the Senate, if I understood the gentleman's argument correctly. Yet, if we were to adopt this amendment we would be about \$300 million below the Senate in budget authority for function 150, but we would be about \$425 million above the Senate in outlays.

I would simply suggest that we ought to leave ourselves some more flexibility than the gentleman's amendment would provide. There are almost definitely going to be some additional requests for assistance to deal with the disasters which just took place in the Caribbean

and with the possible need for additional aid to Nicaragua. If we were to end up with a budget resolution for function 150 which incorporated the gentleman's amendment, then it would be impossible for the gentleman's own committee to appropriate additional funds if the need for them should develop later on.

Mr. YOUNG of Florida. Mr. Chairman, would the gentleman yield?

Mr. SOLARZ. Yes.

Mr. YOUNG of Florida. The gentleman, I think, would concede that although the House has already spoken on this issue, the House and the other body still can be flexible. This is really an opportunity to do today what we have already done on a previous bill, and at least give the taxpayers some indication that we are going to try to save their money when we get a chance.

Mr. SOLARZ. I can see the handwriting on the wall, but I would hope that the gentleman could give us some assurance that if a genuine emergency develops and there is a need for additional funds, the gentleman will use his influence on the Appropriations Committee to bring forth legislation to make those resources available.

Mr. YOUNG of Florida. I think that the gentleman from Florida's record as it relates to disaster relief is positive, and one that is accepted by the gentleman from New York.

Mr. SOLARZ. I thank the gentleman for his assurance.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. YOUNG).

The amendment was agreed to.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think that the House acted responsibly in rejecting the substitute budget resolution even though it had a tax cut in it, and even though I think that a tax cut next year is absolutely inevitable. But, the tax cut contemplated by the substitute was not coming from the place where it should be or going where it ought to go.

I had planned to offer an amendment to take out \$9.5 billion of revenue from the budget resolution, which would be the amount needed to reflect a cut in the social security tax, both on the employer and employee, back to 5.5 percent commencing January 1, 1980. However, it seems clear, since a similar amendment failed in the Budget Committee, that a certain amount of educational work still needs to be done. But, I am predicting right here and now that, come the first of the year, with the prime rate now at 13.25 percent, unemployment and various other things going in the wrong direction, we are going to be back in here, working on a tax cut.

The effect of inflation, I do not need to remind everybody, has been very severe, and particularly on lower-income and middle-income people. Inflation was running in the first half of this year at an annual rate of 13.2 percent. Those whose wage increases did not make up for inflation have certainly lost purchasing power. Economists estimate that it would take a \$16-billion tax cut to

make up for the effect of inflation in pushing taxpayers into higher income tax brackets. What is needed, however, is a tax cut that will help those who have been hurt most. For this purpose a social security tax cut is the most appropriate one. The social security tax is regressive, and so a cut in the tax would be progressive.

Furthermore, a social security tax cut to 5.5 percent would be counter-inflationary.

Economists have estimated that it would actually reduce inflation, because it reduces the portion of the payroll tax that employers pay, and therefore results in a net reduction in their cost.

This is especially important to small business. The National Federation of Independent Business called me, in connection with my proposed amendment, to advise that smaller firms pay more in social security tax than any other single tax. They pointed out that this tax is particularly regressive for smaller businesses, because the overwhelming majority of their employees are within the wage base, so that the employer pays the social security tax on the full amount of a much larger percentage of the payroll. The federation also pointed out that small businesses provide by far the greatest number of new hires, and the payroll tax seriously impedes such hiring by raising labor costs by over 12 percent, at the present rate. This rate will go up even higher in 1981, unless a proposal like mine is adopted.

Moreover it would not overstimulate consumer demand at a time when consumers are trying to cope with skyrocketing costs. The Budget Committee has identified four areas in which inflation has been particularly virulent, all necessities: Food, energy, housing, and medical care.

□ 1750

This includes a 20-percent increase in meat costs, which, the Committee on the Budget noted in its report, does not derive primarily from demand but from factors on the supply side of the equation. Certainly that is also true with respect to energy costs and, to some extent, housing and health care.

Mr. Chairman, we must recognize that the social security tax is indeed a tax and it is the second largest source of revenue for the Federal Government. It is scheduled to bring in \$161 billion during fiscal year 1980. This is two-thirds as great as the total amount we receive from the income tax. We should not continue to rely so heavily on this regressive tax. We must address the problem of social security financing anyway, because the 1977 amendments allocated too much money to the disability fund and not enough to the old age and survivors' fund. Beyond that looms the fact, according to the Congressional Budget Office, that the system's cash flow will be inadequate in the near future to insure smooth operation during a hard economic downturn.

It is appropriate, in my opinion, to begin that review now so that by the start of the year we will not be caught, as we were a year ago, with a tax cut

proposal which helps the rich but benefits the middle- and lower-income groups very little.

The way the integrity of the social security trust fund would be protected is by transferring, from the social security trust fund to the general revenues, financing of medicare and the other health-benefit portions of that program.

Mr. Chairman, this is not a new idea but it seems to me it is an idea whose time is coming. As a matter of fact the President's Advisory Council on Social Security has tentatively recommended just that and has recommended the cut-back to 5.5 percent, which is exactly what my proposal would do.

Mr. Chairman, this would have the effect of reducing the social security payroll tax bite on the average worker very substantially.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. For example, a \$10,000-a-year worker who now pays \$613 in social security taxes and who will, unless the law is changed, pay \$665 in 1981, would instead pay only \$550 under my proposal and the proposal of the President's advisory committee. A \$20,000-a-year worker who now pays \$1,226 on his payroll tax and who would pay \$1,330 next year would, under my proposal, pay only \$1,100.

Mr. Chairman, this would be a significant cut. It also would be a significant way of fighting inflation and at the same time fighting recession, something none of the other palliatives that have been proposed so far will do. I strongly recommend that the Committee on the Budget, the Committee on Ways and Means, and all of our colleagues consider moving ahead with a cut in this payroll tax. This is a truly democratic rather than a wealthy taxpayers' approach to a tax cut.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to ask the chairman of the Budget Committee about the legislative savings assumed in this resolution for the vocational rehabilitation State grants program.

In the first budget resolution, it was assumed that the indexing provisions of the State grants entitlement program, which are to begin in fiscal year 1980, would be removed through legislation, leaving the program ceiling at \$808 million. This would provide for legislative savings of \$72 million in the first year and a cumulative 5-year savings of \$701 million.

When the House considered the Labor-HEW appropriations bill it contained \$808 million for the State grants program. During the debate on the bill, I asked Mr. NATCHER, the chairman of the Labor-HEW Subcommittee, whether there would be a supplemental if the States came up with sufficient matching funds to entitle them to the \$880 million statutory ceiling. The chairman of the Labor-HEW Subcommittee assured me that there would be such a supplemental.

The second budget resolution continues to assume that the \$72 million in legislative savings will be achieved in fiscal year 1980. However, it seems clear that, since there has not been any action to remove the indexing provisions of the law, these savings will not be achieved.

I ask the chairman of the Budget Committee, given the fact that it is highly unlikely the savings will be achieved, does the committee still view this program as an entitlement and is there sufficient room within the budget resolution, especially in function 500, to accommodate a supplemental for the program?

Mr. GAIIMO. Mr. Chairman, if the gentleman will yield, the Budget Committee views the vocational rehabilitation State grants program as an entitlement, and there is sufficient room within the resolution to cover a supplemental for this program should one be necessary. It should be noted that there are items totaling \$2 billion in anticipated supplementals in function 500 and I think the gentleman's concerns can be accommodated within these amounts.

Mr. SIMON. Mr. Chairman, I thank the committee chairman, and I yield back the balance of my time.

AMENDMENT OFFERED BY MR. STRATTON

Mr. STRATTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STRATTON: In the matter relating to the appropriate level of total new budget authority increase the amount by \$3,000,000,000;

In the matter relating to the appropriate level of total budget outlays increase the amount by \$400,000,000;

In the matter relating to the amount of the deficit increase the amount by \$400,000,000;

In the matter relating to the appropriate level of the public debt increase the amount by \$400,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by \$400,000,000.

(1) In the matter relating to function 050: National defense increase the amount for budget authority by \$3,000,000,000; and increase the amount for outlays by \$400,000,000.

Mr. STRATTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STRATTON. Mr. Chairman, I am reluctant to offer this amendment at this hour. I recognize that the Committee is tired. I recognize we are going through amendments here very rapidly. However, Mr. Chairman, I think this is an amendment that does need to be offered and I would hope that it would be accepted.

I do not think we need to spend much time stressing the fact that there is a growing apprehension on the part of the American people because of the vast, continuing and relentless growth of Soviet military power.

It has been expressed eloquently by Senator NUNN in the Senate, by Secretary Kissinger in his testimony on SALT,

and by General Haig, Senator HOLLINGS, Senator BELLMON, and others.

Mr. Chairman, we are all also well aware of the fact that the increasing Soviet military presence in Cuba represents a threat to us. In fact the Soviet buildup in Cuba is already so great that it has thus far stymied our policymakers as to exactly how to deal with it by diplomatic measures.

Mr. Chairman, it is clear that our defense is not adequate today. It is clear that if we intend to stay in the ball game with the Soviet Union, assert our interests in the Middle East and protect our allies, then we have to make increases in defense.

Admittedly, this present administration has not had strength in defense as one of its long points. I have spoken out as frequently as anyone in criticism. However, I think the message, whether because of the SALT negotiations or whatever, I think the message has now finally gotten to the White House; and I believe the message has also gotten to this body. Indeed I was pleasantly surprised by the size of our margin the other day when the House overwhelmingly approved the nuclear carrier that had been recommended by the Committee on Armed Services.

Mr. Chairman, as a result of these changed circumstances, the President of the United States, as I brought out earlier in a colloquy with the gentleman from Connecticut (Mr. GIAIMO), has now asked the Congress to increase the defense function in this budget resolution by 3 percent.

□ 1800

That was the commitment that he made originally. It was a commitment which supposedly we had agreed to. But inflation has overtaken us since spring. However, the figures in this second resolution do not represent a 3-percent increase over last year's defense budget. They represent only about a 1-percent increase in total budget authority and at best perhaps a 2-percent increase in outlays; so we do need to do a lot more, in my judgment.

Just yesterday the Senate of the United States adopted the President's figures, precisely and specifically. The figures that the second budget resolution contains in budget authority are \$138.2 billion; and in outlays \$128.6 billion. The figure for budget authority is \$3.2 billion below what the President has requested and what the Senate has approved; and the figure for outlays is \$2 billion below what the President has requested and what the Senate has approved.

Now, my friend, the gentleman from Connecticut, has said, "Well, don't worry about that. We will go over and negotiate with the Senate when we get into conference." But since the Senate has already approved the 3-percent figure—and that really is the minimum, I think that anybody would recognize, as guaranteeing some assurance that our defense posture is going to be improved in fiscal year 1980—if we negotiate with the Senate when our own figure is below 3 percent, the final figure is going to have to add up to less than 3 percent. Let nobody be kidded about that.

My amendment simply reinstates the President's own figures. It would restore budget authority for defense to \$141.2 billion, the exact figure which the Senate approved on yesterday. It would make the outlay figure \$129 billion.

The CHAIRMAN. The time of the gentleman from New York (Mr. STRATTON) has expired.

(By unanimous consent, Mr. STRATTON was allowed to proceed for 2 additional minutes.)

Mr. STRATTON. My figure for outlays is \$129 billion, which is somewhat less than what the President has recommended. But it is only \$400 million over what the budget committee has recommended so that as far as the deficit is concerned, we are only increasing the deficit by \$400 million in trying to match the President's figures.

One final argument in favor of my amendment, these figures of mine are also identical with the figures contained in the Republican substitute (offered recently by Mr. Latta) as far as the defense function is concerned. So our friends on the Republican side of the aisle should have no trouble in supporting my amendment.

I think that it would be a lot easier for us to go into conference with the Senate when we both agree with the President that at this crucial time, Congress ought to be united in pushing through a 3-percent increase in our defense posture. That is the kind of action the Russians in Cuba will really be impressed by, I assure you.

Mr. GIAIMO. Mr. Chairman, I rise in opposition to the amendment. I recognize and sympathize with what the gentleman from New York is trying to do, but basically the amendment is premature. If you vote for this amendment, you cut the legs out from under the Appropriations Committee of the House of Representatives. You will not be giving them the flexibility and the freedom to evaluate the defense posture of our Nation.

Basically, and the gentleman can correct me if I am wrong, what you are doing is going to \$141.2 billion in budget authority and \$128.9 billion in outlays.

Mr. STRATTON. One hundred twenty-nine billion in outlays.

Mr. GIAIMO. That is basically correct. It is substantially the number in budget authority which the other body adopted and it is somewhat lower than the other body. In outlays, you estimate a lower spend out of budget authority.

Let me say, I have talked with the administration. I have talked with the President. The most the President has asked for is that specific amount of \$141 billion. We are within \$3 billion of that amount. Our Appropriations Committee has been working in this area and, as I understand it, they marked up a bill today. They added substantial amounts of money today, \$2 billion, leaving them several billion dollars short of the amount that the President would want.

Now, these bills have to work their way through this floor. I guess when we finish this legislation, one of the next items of business will be the defense appropriations bill. At that time we can evaluate after we have the benefit of the Com-

mittee on Appropriations as to what the precise amount should be. We can evaluate it then. It will also have to go through the conference with the Senate. If we were to adopt the gentleman's figure now, we would be taking the absolute top figure and undermining our own committee which has spent literally 5 or 6 months in this area.

We are going to go to conference with the Senate on this bill. We are going to have to evaluate upward or downward in many functions and quite possibly on this one.

I understand what the gentleman is trying to do. It is premature to select this number now. We will be better served after the Appropriation Committee acts and certainly with the amount of money that is in there, in our bill, we will do no damage to the security of this country.

Mr. STRATTON. Mr. Chairman, will the gentleman yield to me?

Mr. GIAIMO. Yes, I yield.

Mr. STRATTON. Mr. Chairman, I understand what the gentleman is saying and I have great respect for the Appropriations Committee. Some of my best friends are on the Appropriations Committee; but I would point out to the gentleman that the course of history on defense bills in this Chamber over the last 5, 6, or 7 years, has been that the Committee on Armed Services, which I think knows a little bit about what the defense needs of the country are—

Mr. GIAIMO. They do.

Mr. STRATTON. Well, they have consistently, year after year, been cut back in their recommendations by the Appropriations Committee so that the members of the Committee on Armed Services are now complaining that defense issues in the House are really controlled by the Appropriations Committee. By the time the Budget Committee has cut back the administration's budget figures, and then the Appropriations Committee has made more funding cuts, what the Committee on Armed Services has recommended cannot even be considered.

Now, this year the Committee on Armed Services, recognizing the Soviet threat that I have mentioned, added something on the order of \$2 billion to the defense recommendations of the administration, including a nuclear carrier, and except for the registration item, the House overwhelmingly approved those recommendations last week.

So I think we ought to add this additional money to the budget so we can give the Committee on Armed Services a little flexibility, and perhaps also give the House and the other body the opportunity to fund those urgent defense programs which the gentleman from Illinois (Mr. PRICE) and his colleagues believe seriously are necessary to our Nation's security.

Mr. GIAIMO. Mr. Chairman, I understand what the gentleman is saying, and I will yield in a moment, but let me say, I recognize the role of the authorizing committee, and the gentleman's job, quite frankly, should be to get the optimum for the Defense Department and the security of our Nation; that is the job of all of us in the House.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. GIAIMO) has expired.

(By unanimous consent, Mr. GIAIMO was allowed to proceed for 2 additional minutes.)

Mr. GIAIMO. But we do have to balance our priorities and this is one of the jobs that the Committee on Appropriations does. It evaluates very carefully. It makes some savings, as I know they have done and it is able to come up with some savings. I do not think we should take offense to that.

□ 1810

Our bill covers now \$127 billion, although originally there was a \$22 billion reduction. But we carefully looked at each item and did not touch anything that directly affects our national defense.

We are asking the Members to follow the lead of the gentleman from Connecticut (Mr. GIAIMO). We are going along with the budget. I am asking the members of the Subcommittee on Defense and the members of the full committee to accede to the President's request for an increase up to \$1.2 billion, and that again is in compliance with the budget.

But again there is plenty of room in the \$129 billion that we will bring to the House next week for a change in priorities. We have increased procurement, we have not reduced procurement. So within that limit there is sufficient movement and sufficient action that can be taken by this House.

Mr. GIAIMO. Mr. Chairman, I thank the gentleman from New York (Mr. ADDABBO).

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. STRATTON).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. STRATTON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 191, noes 221, not voting 22, as follows:

[Roll No. 484]

AYES—191

Abdnor	Carney	Evans, Ind.
Akaka	Chappell	Fazio
Ambro	Cheney	Fish
Andrews, N.C.	Clausen	Flippo
Andrews	Cleveland	Florio
N. Dak.	Coleman	Foley
Applegate	Collins, Tex.	Fountain
Archer	Corcoran	Fowler
Ashbrook	Courter	Gibbons
Bafalis	Crane, Daniel	Gillman
Bailey	Crane, Philip	Gingrich
Barnard	Daniel, Dan	Ginn
Bauman	Daniel, R. W.	Goldwater
Beard, Tenn.	Dannemeyer	Gonzalez
Bennett	Davis, Mich.	Gore
Bereuter	Davis, S.C.	Gradison
Bevill	de la Garza	Grassley
Boggs	Derrick	Grisham
Bolling	Derwinski	Gudger
Boner	Dickinson	Guyer
Bouquard	Dorman	Hagedorn
Breaux	Dougherty	Hall, Tex.
Broomfield	Edwards, Ala.	Hammer-
Brown, Ohio	Edwards, Okla.	schmidt
Broyhill	Emery	Hance
Buchanan	English	Hansen
Burgener	Erlenborn	Herner
Byron	Ertel	Hefel
Campbell	Evans, Del.	Hightower
	Evans, Ga.	Hillis

Hinson	Madigan	Sensenbrenner
Holt	Marlenee	Shelby
Horton	Marriott	Shumway
Huckaby	Martin	Shuster
Hutto	Mathis	Skelton
Hyde	Michel	Smith, Nebr.
Ichord	Mitchell, N.Y.	Solomon
Ireland	Molohan	Spence
Jeffries	Montgomery	Staggers
Jenkins	Moore	Stangeland
Jenrette	Moorhead,	Stanton
Jones, N.C.	Calif.	Steed
Jones, Tenn.	Myers, Ind.	Stenholm
Kazen	Neal	Stockman
Kelly	Nelson	Stratton
Kemp	Nichols	Stump
Kindness	O'Brien	Symms
Kramer	Pepper	Taylor
Lagomarsino	Preyer	Thomas
Latta	Price	Triple
Leach, La.	Quayle	Van der Jagt
Leath, Tex.	Quillen	Walker
Lee	Rhodes	Wampler
Lent	Rinaldo	Watkins
Levitas	Robinson	White
Lewis	Rose	Whitehurst
Livingston	Roth	Whitley
Loeffler	Rousselet	Whittaker
Long, La.	Royer	Wilson, Bob
Lott	Rudd	Wilson, Tex.
I uken	Santini	Wyatt
Lungren	Satterfield	Wydler
McClary	Sawyer	Young, Alaska
McDonald	Schulze	Young, Fla.
McEwen	Sebelius	

NOES—221

Addabbo	Fithian	Miller, Ohio
Albosta	Ford, Mich.	Mineta
Alexander	Ford, Tenn.	Minish
Anderson,	Frenzel	Mitchell, Md.
Calif.	Frost	Moakley
Annunzio	Fuqua	Moffett
Anthony	Garcia	Moorhead, Pa.
Ashley	Gaydos	Motti
Aspin	Gephardt	Murphy, Ill.
Atkinson	Gialmo	Murphy, Pa.
AuCoin	Glickman	Murtha
Baldus	Goodling	Myers, Pa.
Barnes	Gramm	Natcher
Beard, R.I.	Gray	Nedzi
Bedell	Green	Nolan
Bellenson	Guarini	Nowak
Benjamin	Hall, Ohio	Oakar
Biaggi	Hamilton	Oberstar
Bingham	Hanley	Obey
Blanchard	Harkin	Ottinger
Bonior	Harris	Panetta
Bonker	Hawkins	Pashayan
Brademas	Heckler	Patten
Brodhead	Holland	Patterson
Brooks	Hollenbeck	Paul
Brown, Calif.	Holtzman	Pease
Burlison	Hopkins	Perkins
Burton, John	Howard	Petri
Burton, Phillip	Hubbard	Peyser
Carr	Hughes	Pritchard
Cavanaugh	Jeffords	Pursell
Chisholm	Johnson, Calif.	Rahall
Clay	Johnson, Colo.	Rallsback
Clinger	Jones, Okla.	Rangel
Coelho	Kastenmeier	Ratchford
Collins, Ill.	Kildee	Regula
Conable	Kogovsek	Reuss
Conte	Kostmayer	Richmond
Cotter	LaFalce	Ritter
Coughlin	Leach, Iowa	Roberts
D'Amours	Lederer	Rodino
Danielson	Lehman	Roe
Daschle	Leland	Rosenthal
Deckard	Lloyd	Kostenkowski
Dellums	Long, Md.	Runnels
Devine	Lowry	Russo
Dicks	Lujan	Sabo
Dingell	Lundine	Scheuer
Dixon	McCloskey	Schroeder
Dodd	McCormack	Seiberling
Donnelly	McDade	Shannon
Downey	McHugh	Sharp
Drinan	McKay	Simon
Early	McKinney	Slack
Eckhardt	Maguire	Smith, Iowa
Edgar	Markay	Snowe
Edwards, Calif.	Marks	Snyder
Erdahl	Matsul	Solarz
Fary	Mattox	Speilman
Fascell	Mavroules	St Germain
Fenwick	Mazzoli	Stack
Ferraro	Mica	Stark
Findley	Mikulski	Stewart
Fisher	Mikva	Stokes
	Miller, Calif.	Studds

Swift	Vento	Wolf
Synar	Volkmer	Wolpe
Tauke	Walgren	Wright
Thompson	Weaver	Wyllie
Traxler	Weiss	Yates
Udall	Whitten	Yatron
Ullman	Williams, Mont.	Young, Mo.
Van Deerlin	Williams, Ohio	Zablocki
Vanik	Wirth	Zefiretti

NOT VOTING—22

Anderson, Ill.	Corman	Pickle
Badham	Duncan, Ore.	Roybal
Boland	Duncan, Tenn.	Treen
Bowen	Flood	Waxman
Brinkley	Forsythe	Wilson, C. H.
Butler	Harsha	Winn
Carter	Jacobs	
Conyers	Murphy, N.Y.	

□ 1830

Mr. NEAL changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MATTOX

Mr. MATTOX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MATTOX: In the matter relating to the appropriate level of total new budget authority reduce the amount by \$550,000,000;

In the matter relating to the appropriate level of total budget outlays reduce the amount by \$550,000,000;

In the matter relating to the amount of the deficit reduce the amount by \$550,000,000;

In the matter relating to the appropriate level of the public debt reduce the amount by \$550,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, reduce the amount by \$550,000,000.

(16) In the matter relating to function 850: General purpose fiscal assistance reduce the amount for budget authority by \$550,000,000; and reduce the amount for outlays by \$550,000,000.

Mr. MATTOX (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MATTOX. Mr. Chairman, this amendment is relatively simple. It reduces the budget authority, and it reduces the outlays in function 850 by \$550 million.

The purpose of this amendment is to strike those funds that are placed in the budget resolution for antirecession fiscal assistance programs.

Members, this amendment is one that we have been presenting similar versions for in the last several budget resolutions. It is an effort to prove wrong the old adage that once a Federal Government program gets started, that it never stops. This antirecession or countercyclical, or whatever we might call it, is a perfect example of an old-dog program that gets started and it then becomes next to impossible to kill it off, because every program starts a constituency. This is no exception.

This program has gone through several stages. If you will recall, when it started out it was called countercyclical.

Then it was called antirecession fiscal assistance.

Next it was called targeted fiscal assistance.

And now it is called antirecession fiscal assistance again.

I understand they are going to try to call it something else and perhaps start another different program.

For those of you who are fishermen, this is a perfect example of changing the bait. Let me tell the Members about it. If you are an old caster, you get out there and try to catch a fish. You change the color of the lure. If you do not like a red one, you try a yellow one. If you do not like a yellow one, then you try a green one. You just keep plugging along out there. Whatever else happens, one thing remains the same. There is always a hook on the end of it, and some poor fish is going to bite on it.

That is what they are doing with this program; they just keep changing the name of this old program, hoping some of us are going to be suckered enough to bite at that old faulty hook, that old rusty bait. That is what is happening to us today.

What they are asking us to do again is to spend \$550 million, money that we do not have, and write a hot check for it. That is exactly what they are asking us to do.

That is exactly what the American people are asking us not to do. Each one of us has heard our constituents say, "look, fellows, in times of budget austerity, you do not need to be starting new programs, and if you have got old ones that are not working, cut them out."

This is a prime example of one we need to eliminate.

If the Members recall, this is a program that has never been approved in any form by the Committee on Government Operations, the authorization committee. It has been tacked on by the Senate several times, but it has never been approved by the House.

As a matter of fact, during the last session of the Congress, if the Members will recall, the President said, "listen, we need to put in a little transitional money in for the different municipalities who were receiving countercyclical in the past."

If my colleagues will further recall, the Congress refused to go along with that approach, it failed.

In an effort now to get a new program started, they have come up with a couple of different titles, a couple of different names, and stuck in \$550 million in this resolution. It is not the appropriate thing we need to do.

As a matter of fact, there are 17 States that do not even get any of this money under the President's bill, 17 States that cannot get any of this money, including my State of Texas. The Members should be aware of that. We are not going to get this money.

As a matter of fact, if the Members really look at the money that comes to them under title II of this program, my State is not going to get any, and many other States will get nothing. We are being asked to provide money for the

wasteful actions of some of these other cities. I do not think it is appropriate.

If the Members go back and look at what the people tell them, they say, "fellows, now is the time to stop this nonsense." The Members know it, I know it. Everybody knows it.

I do not believe that we can argue that we are not assisting our State and local governments. In this resolution alone we will be providing approximately \$10.7 billion to aid our cities. It reminds me very much of the current Chrysler ad in which Joe Garagiola tells everybody how to get a check. Only in the case of the Federal Government, it works something like this:

If you want economic development assistance, go to the Congress and get a check;

If you want community development block grants or urban development action grants, go to the Congress and get a check;

If you want money for urban parks, go to the Congress and get a check; and

If you want money for urban mass transportation, go to the Congress and get a check.

The difficulty I have with this is that the checks are hot. Many of the State and local governments have surpluses—we do not. Therefore, I agree with the bottom line in Joe Garagiola's commercial—when it comes to an unauthorized and unapproved expenditure of over a half-billion dollars—check it out.

The CHAIRMAN. The time of the gentleman from Texas (Mr. MATTOX) has expired.

(By unanimous consent, Mr. MATTOX was allowed to proceed for 1 additional minute.)

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from Florida.

Mr. NELSON. I thank the gentleman for yielding.

I want to commend the gentleman, and I want to draw to the attention of the Members that the gentleman from Texas (Mr. MATTOX) has consistently voted against new programs as a member of the Budget Committee. I appreciate that and I thank the gentleman.

Mr. SOLARZ. Mr. Chairman, I rise in opposition to the amendment of my very good friend from Texas (Mr. MATTOX), because I think it really would be doing a disservice to depressed cities and communities all over the country if this amendment were to be adopted.

I do not doubt for a moment that there is a lot of fat, and there is a lot of waste which ought to be eliminated in this budget.

□ 1840

I do not doubt for a moment that there are plenty of programs in this budget which we could do without, which if they were eliminated would in no significant way do a disservice to the people of this Nation. But I must say I can think of few programs the elimination of which would do more damage than the one which the gentleman from Texas seeks to eliminate with his amendment.

We have heard a lot of talk in this

House, not only during the course of the session in general, but during the course of this debate on the second budget resolution in particular, about the need to eliminate programs which are not geared to helping those who are most desperately in need. But if there is any single distinguishing characteristic of the countercyclical revenue sharing program, which the amendment of the gentleman from Texas seeks to wipe out completely, it is a program which is designed to provide funds not to State and local governments in general, regardless of need, but only to those State and local governments which have a genuine need.

Under the terms of the legislation which is now being considered by the Committee on Government Operations, only those State and local governments with unemployment rates of 6.5 percent or more will be eligible for the countercyclical revenue sharing assistance which this program would attempt to make available. Indeed, more than 60 percent of the funds in the program will be going to State and local governments with unemployment rates in excess of 8 percent.

Some Members may be under the misimpression that this is a big-city program, that this is a program which is designed to provide additional Government funds only to the large cities of the country. Nothing could be further from the truth. The fact of the matter is that over 70 percent of the funds in this program, assuming the legislation now under consideration is adopted, would go to local governments with populations of less than 50,000. So this is not just a big-city program, it is a program to help communities in urban as well as rural America that have high unemployment rates in excess of 6.5 percent. As a consequence of the increasing unemployment rate these cities and communities are experiencing a reduction in revenues, because people who are out of work are not paying taxes, and who by virtue of that decline in revenues will be obligated not only to lay off municipal and local personnel, thereby increasing the unemployment rate, but will also be obligated to cut back on essential Government services which the people of our country both need and demand.

So without the passage of this legislation, the adoption of which this amendment would make impossible, local governments all over the country, in urban as well as rural America, will be forced to cut back on services and lay off additional personnel due to a decline in the economy, which everyone in this House recognizes is inevitable. We may disagree about whether the unemployment rate is going to go up to 6.5 percent or 7 percent, or maybe even 8 percent, but nobody can seriously doubt that the unemployment rate is going to go up, and it is going to go up even further. When that happens, as it inevitably will, the tax revenues of these local governments are going to decline and services will have to be cut back unless this legislation is passed.

The argument is made that however desirable this program may be there is no real political possibility that it will

be adopted. The fact of the matter is, however, that the other body has already passed countercyclical revenue sharing legislation by a margin of more than 3 to 1. And while it is quite true that the Committee on Government Operations has not yet reported out this legislation, when we voted on an amendment offered by the gentleman from Texas to eliminate this program during the course of our consideration of the first budget resolution, a majority of the members not only of the subcommittee of relevant jurisdiction, but a majority of the members of the full committee of relevant jurisdiction voted in favor of keeping this program in the budget resolution.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. SOLARZ was allowed to proceed for 2 additional minutes.)

Mr. SOLARZ. So I would submit, in conclusion, before yielding to my good friend from Texas, that there is significant support for this program in the other body, which has already adopted it by a 3-to-1 margin. There is clearly support for this in the relevant subcommittee and in the full committee and in the House as a whole. Local governments all over America need this program, they are asking for it, and I ask my colleagues to reject this amendment so we can move forward with this desperately needed legislation.

Mr. MATTOX. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to my friend from Texas.

Mr. MATTOX. I think there is one thing that is fallacious about the gentleman's argument, one thing in particular, and that is that we are talking about what the economy is going to do, and we are talking about the impact of this program on all of these different municipalities. The simple fact is we do not know what kind of a program we are even talking about. We have no authorization legislation of any kind. It has not passed the committee. It very well may not pass.

In any event, it seems to me it would be more appropriate to wait and see what happens. If we do have problems we can have a third budget resolution. It is very simple to put these kinds of programs in at that time.

There is no reason to vote for \$550 million more to pad our budget ceiling. If this program does not pass it will leave that much flexibility for any other committee to pass whatever they want to. That is not what budgeting means.

One other thing I would point out to the gentleman. I have heard the gentleman make the same argument a number of times on different programs, and it is always this, "Listen, there are plenty of programs we could cut." The problem is that the gentleman never once offers one single amendment that reduces spending. He opposes cuts in defense spending. He opposes cuts in social spending, he opposes cuts in everything. I would like for the gentleman just to tell me which program he is talking about that we can cut, because I will draw up an

amendment. If I can get his support maybe we can pass it together.

Mr. RODINO. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I would like to ask my colleagues if they truly believe that now is the time for us to abandon local communities as they fight to overcome the devastating effects of the national economic recession.

In fact, now is the worst possible time to eliminate funds for a program which is meant to lessen the human hardships caused by the recession.

This is truly a national problem, affecting towns and cities from every part of our country. Older cities in particular—like my home city of Newark—are in desperate need of fiscal assistance to fight the effects of high unemployment and national economic downturn.

When we talk about "the effects" of economic decline in our cities, we are talking about jobs, about basic human needs, and about the economic life of a community. Because the countercyclical aid program was canceled last year, our cities have laid off thousands of municipal workers and consequently cut back in vital services such as police, fire, health and educational personnel. The persons who are most hurt by these cutbacks are those who can least afford it—the poor, the elderly and the disadvantaged.

As the sponsor of a bill with 96 cosponsors to restore countercyclical aid, I firmly believe that we in this House have a responsibility to help our cities in their efforts to overcome the day-to-day erosion of their economies.

The Government Operations Subcommittee on Intergovernmental Relations and Human Resources has held hearings on the issue this year and is currently conducting an extensive study to determine the best approach to deal with the recession. In fact, countercyclical assistance is one of the primary programs it has to work with. This amendment seeks to negate this all important effort by the subcommittee.

Without the countercyclical assistance program, the conditions in our cities will continue to worsen and the human cost will be tremendous. Adoption of this amendment would amount to a senseless act of false economy, and I urge its defeat.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, the U.S. economy has entered a recession with inflation running at 13 percent. If we try to spend our way out of this recession, as the proponents of House Concurrent Resolution 186 would have us do, what will be the inflation rate during the recovery?

We have followed this path again and again, leading to upward ratcheting of both inflation and unemployment as we bounce from bust to boom to bust again.

By supporting this amendment to strike funds for countercyclical revenue sharing, we have an opportunity to take

a small step toward sanity. Since the first countercyclical program expired a year ago, we have seen several efforts at reincarnations of this spending idea.

At the height of the recent recovery from the previous recession, the Carter administration tried to sell us anti-recession fiscal assistance, a program that would have given Federal assistance to two-thirds of the local governments in the country for no apparent reason. The Congress refused to enact that program.

More recently, the Carter administration tried to sell us targeted fiscal assistance, a program that would have put 42 percent of the money into New York and California. Again, there was no articulated justification for this assistance. Again, the Congress refused to enact the program.

Now we are told that we need a half billion dollars for countercyclical assistance to local governments, but there still has been no demonstrated need and there has been no attempt by the administration to come forth with a formula for distribution that bears any relationship to fiscal need of the recipient communities. The gentleman from New Jersey said we need to help people who lose their jobs. But this is not it.

What is the purpose of this program? The Advisory Commission on Intergovernmental Relations studied antirecession programs and found that local governments automatically take appropriate countercyclical actions on their own, without Federal assistance.

This is not a jobs program. There is no requirement that the money be used for employment programs. In fact, a 1977 General Accounting Office study found that little of the countercyclical money went to jobs programs in 1977. Many local governments simply used the funds to increase budget surpluses—they put the money in the bank.

GAO also supported the ACIR study conclusions, stating:

Many governments that received antirecession payments were not substantially affected by the recession, so that assistance probably was not needed to combat recession-related problems.

Local unemployment rates continue to be used as a basis for disbursements to local governments, despite recent reports from the General Accounting Office and the National Commission on Employment and Unemployment Statistics, to which I am an adviser, concluding that local unemployment rates are so unreliable as to be meaningless.

Under the leadership of Chairman FOUNTAIN, the staff of the Subcommittee on Intergovernmental Relations is working diligently to develop an antirecession program that makes sense, both from a standpoint of need and from a standpoint of method of distribution. As a member of the subcommittee, I am interested in the success of that effort.

However, that does not mean we need a half billion dollars in the fiscal year 1980 budget. This amendment provides a unique opportunity to reduce the deficit. We cannot afford to let it slip away.

□ 1850

Mr. FOUNTAIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, inasmuch as the amendment offered by the gentleman from Texas (Mr. MATTOX) relates to a matter before the subcommittee I chair, I think the House should be aware of the status of that legislation.

A majority of the subcommittee members are opposed both to the so-called targeted assistance legislation proposed by the administration and to a similar bill passed by the Senate as S. 566. I have consistently opposed this type of legislation during the past 3 years. I oppose it because it bases the allocation of money to State and local governments on unemployment rates that are wholly unreliable as well as inappropriate for this purpose.

The unemployment rates used in those bills are inappropriate because they do not provide a measure of the fiscal needs or the service responsibilities of local and State governments. They are unreliable, as the experts have repeatedly advised the Congress, because of the way in which they are manufactured—which makes them no better for most local governments than numbers pulled out of a hat. This is the message I have tried to get across to this body and to the administration for the past 3 years.

I am very pleased, therefore, that the National Commission on Employment and Unemployment Statistics—an expert body set up by the Congress—has further substantiated the unreliability and inappropriateness of local unemployment rates for fiscal assistance programs.

In describing the Commission's report, released earlier this month, Dr. Sar Levitan, its chairman, said:

We took a hard look at the way Congress depends upon nonexistent state and local labor force data, and how lawmakers continue to ask for more of the same. As a result, BLS by law is required to publish random numbers for thousands of communities and substate areas. (Italics supplied.)

This finding is consistent with the testimony previously taken by our subcommittee. I think it is high time that Congress stopped mandating the use of improper statistical data in Federal aid formulas. The use of unemployment rates in the past has clearly resulted in the arbitrary and discriminatory treatment of our local and State governments. We should stop this irrational and unfair practice now.

I will include Dr. Levitan's complete statement following my remarks.

Mr. Chairman, some members of the subcommittee believe there is need for a valid and reliable means of allocating assistance to State and local governments on a true countercyclical basis. By a true countercyclical basis, I mean allocating funds, only when our national economy is in a recession, to help those States and communities that are adversely affected by the recession. This has never been done by the Federal Government, and it would not be accom-

plished by S. 566 or the administration's bill.

The subcommittee, with the able assistance of the Department of Commerce, has been actively working on the development of a formula which would allocate assistance to State and local governments, when a recession occurs, in relation to the impact of the recession on wage earners residing in those State and local jurisdictions.

That research is well along and I am hopeful we will now have a new countercyclical formula for subcommittee consideration sometime soon. I cannot, of course, predict whether it will be satisfactory to the committee and ultimately to this body. It will, however, represent our best effort to devise a formula for allocating special assistance equitably to State and local governments in the event of a national recession.

Whether this \$550 million item recommended by the Budget Committee for antirecession fiscal assistance will be needed in whole or in part, appears to depend on the subcommittee's success in producing an allocation formula acceptable to the Congress.

In closing, I want to reemphasize that I am strongly opposed to using this budget item for any purpose other than true countercyclical assistance. I am also opposed to H.R. 3198, the administration's bill, and to S. 566, neither of which is an acceptable antirecession measure for the reasons I have stated. Both of these bills, in my judgment, seriously jeopardize the \$6.85 billion a year general revenue sharing program which comes up for renewal next year.

AN ADVANCE BRIEFING OF THE NATIONAL COMMISSION ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS FINDINGS BEFORE CONGRESSIONAL STAFFERS BY SAR A. LEVITAN, JULY 12, 1979

As most of you recall, the National Commission on Employment and Unemployment Statistics was established by Section 13 of P.L. 94-444. Those of you who had a hand in drafting the bill ought to be congratulated. And please pass on the commission's thanks to your coauthors who are not here. It is a model piece of legislation that was carefully thought through, specifying clearly the mandate of the commission. I hope that we have lived up to expectations, but that's for you to judge.

One thing is clear—we were frugal. We worked with a very small staff and will return to the Treasury about \$1 million of \$2.8 million allotted. As a card-carrying liberal I'm proud of that part of our record. In the words of the late Senator Paul Douglas, one of my favorite members when I worked on the Hill, "A liberal need not be a wastrel." And we finished our work ahead of schedule.

Permit me to offer unsolicited advice about the appropriate representation for this kind of a technical commission. Congress provided that the President nominate representatives from all sorts of groups: academic, labor, business, finance, union, state and local government, minorities, and women. Initially, I had very strong reservations about this kind of representation, but my opinion changed as I worked with this commission. Initially I thought that the preceding study group—the Gordon Committee appointed by President Kennedy—was a model. In them good ol' days, minorities and other groups were ignored, and only academics and representatives from labor and management were included in the committee. After working in

this commission, I believe that it would have been a mistake to limit the membership to those groups. Our commission was enriched by having a diverse representation. I'm not suggesting that all the nine members were equal in terms of substantive contributions. But the commission composition supplied built-in representation from different groups and we could turn to them: "What does your constituency think?" And, even if the member was not too well informed on details, we could get somebody from that particular group to help us out. On the whole I found that technicians from special interest groups were no less flexible than the academics who advised us. They fought for their interests no less than the special interest groups.

We hope to have the report out by Labor Day. The Secretary of Labor will have six months to comment on our findings and recommendations, and to state what he accepts and what he rejects. So, the next step is up to the Secretary of Labor and eventually to Congress.

Let's turn to the substance of the report. Time will permit to single out only a few items from the 88 formal recommendations that we made. I was asked to concentrate on issues that are of immediate concern to you. From the Capitol Hill vantage point I believe that the most important subject deals with state and local data. We took a hard look at the way Congress depends upon nonexistent state and local labor force data, and how lawmakers continue to ask for more of the same. As a result, BLS by law is required to publish random numbers for thousands of communities and substate areas. We have reasonably good, depending if you agree with the definitions, national data. But the Current Population Survey is not geared to estimate state and local data. We are recommending that the sample be increased to yield reasonably reliable estimates for all the states—I'll come back to that in a minute—similarly reasonably reliable data for the largest 35 SMSAs with a million or more population, and for the largest 11 central cities. The choice of 11, as you know, reflects the 1978 CETA and will be needed until 1982 unless Congress repeals the law earlier.

As far as state and local data are concerned we urge Congress to rely more upon census data. That is, if Congress orders the allocation of funds on the basis of structural unemployment to small areas, then it is asking BLS statisticians to make up numbers. The Current Population Survey will not work. Believe me, the BLS technicians comply with these requirements to publish "guesstimates" most reluctantly.

Based on the 1980 census, we are going to have not only good local labor market data, but also reliable demographic and economic details allowing Congress to choose the factors determining the allocation of funds—even on a census track basis. The same data can be collected in the 1985 census if Congress allocates the funds. But realizing that we do have laws like CETA and others that distribute funds on the basis of state and local data, we urged also that the so-called 70-step method be improved. Since the passage of the Emergency Employment Act when Congress started to rely heavily on state and local data during the 1970s, BLS could have done much more than it did. (The Economic Development Act of 1965 involved little money compared with the appropriations in the 1970s). But even improvements in the 70-step method would still leave the distribution of funds on the basis of random numbers, or at best on poor guesstimates.

Q. Could you explain what the 70-step method is?

A. I shouldn't have mentioned it but as they say on Perry Mason, I opened the subject. The 70-step method spells out a proce-

ture for estimating state and local employment and unemployment. It is based on unemployment insurance data. But, unemployment insurance recipients account for only about 45 percent of the unemployed, depending upon the stage of the business cycle and the industrial distribution of the state and city. The other 55 percent includes new entrants into the labor force, reentrants—mostly female and people who left the labor force for a variety of reasons—persons who exhausted their unemployment insurance, and unemployed persons who never filed claims. Estimating total unemployment in an area involves a guessing game because the states and BLS don't have data on labor entrants or reentrants at the local level. And they are therefore forced to guess. In addition, even for the 45 percent collecting unemployment insurance the state data are not uniform because, as you know, unemployment insurance laws differ from state to state. In 1977, the percent of total unemployed who collected UI benefits ranged by state from 17 percent to 51 percent.

We are recommending that instead of the present 56,000 households in the Current Population Survey (Congress has already approved funds for 70,000 households), that the sample be expanded to 120,000 households. This will give us not only better state and local data but also better data for minorities, information needed for political reasons as well as for social and economic policy. Three commission members felt that the expansion is not justified. They thought that it isn't worth spending \$15 million and bothering more citizens since the data are not going to be sufficiently good for reliably estimating most state and local unemployment rates.

One reservation that I have—which was not recorded in the report—concerns the commission recommendation that we should have the same coefficient of variation for all the states. But, representatives of state and local governments persuaded the commission that Vermont and Wyoming should be treated like New York and California and have the same expected coefficient of variation. My own reaction to this equal statistical treatment of all states is that in Vermont, for example, one of every 47 households will be bothered annually by enumerators and in Wyoming one of every 30 to get the proper sample size. My preference would have been to recommend for the smaller states a larger coefficient of variation. Less reliable data for smaller states would not be crucial as far as distributing the total pie among the participating areas, because an error involving small states would not have a great effect on the distribution of the total funds. The National Governor's Association and ICESA advocated a uniform maximum coefficient of variation, and they won.

The next point relates to emphasis the Senate Committee on Labor and Human Resources placed on designing a hardship index—or linking employment and income data. I am delighted to report that the commission followed the urging of the Senate committee and we unanimously recommended the establishment of an annual hardship report. But, to get an unanimous recommendation as you well know, involves a price. Instead of recommending a composite index of linking employment and earnings, we recommend that BLS develop three different measurements. In the appendix to the chapter that deals with hardship measurements, we included a measurement that was initially developed by the staff which the commission has not adopted. I added a comment at the end of the chapter pointing out that we should have adopted the approach spelled out by the staff.

Another important subject that received scrutiny by the commission dealt with tightening the definitions of labor market activities. We examined in great detail the perennial problem of discouraged workers. As you

know, these are workers who claim that they want a job but who have not looked for the past four weeks because they believe that jobs are not available for them. As we analyzed the limited data, we proposed changing the job search period to six months and inquiring of discouraged workers whether they are available for a job now. Based on the changed definitions, we estimated that instead of the currently reported 800,000 discouraged workers the BLS classifies separately and does count as part of the work force—the numbers vary with the state of the business cycle—the commission definition would yield about 250,000 or 300,000 persons to be counted as discouraged workers. Having tightened the definition of discouraged workers, the commission had to determine whether they should be counted with the unemployed. On that issue, five members of the commission favored continuation of present practice and four members held that if they are unemployed, they want a job, have looked for a job within 6 months, and if they indicate that they are available for work, then, we should count them as unemployed. The four commission members reasoned that anything that looks like a duck, waddles like a duck, and swims like a duck, should be counted as a duck. But that was not enough to persuade the majority of the commission that wanted to continue the current practice, because they were persuaded that there is little difference between discouraged workers and other respondents who indicate that they want a job, but made no effort to find work.

Q. Who were these five members?

A. Professor Cain, Dr. Carlson, Dr. Moskow, Dr. Popkin, and Ms. Wills.

Underlying the extensive discussion of the commission was: What improvements should we recommend in the system at the sacrifice of continuity? Everytime we change a definition, we change the numbers and cause breaks in the continuity of the given series. In other words, if discouraged workers as defined unanimously by the commission were counted, then BLS would have reported last week about 5.9 percent unemployment instead of having 5.6 percent unemployment. The majority of the commission, as well as several alternate advisors argued that continuity should be controlling. If it ain't broke, don't fix it. In other words, don't change anything unless it is obsolete and there is a pressing need for change. On the other hand I would be more sympathetic with the argument that the statistics should reflect continuing changing economic and social conditions. It would follow that the system of counting our labor force that was designed 4 decades ago could stand a great deal more overhauling than BLS has accomplished—and possibly even more than the commission recommended.

I believe, however, that the commission is to be congratulated for exercising restraints in avoiding the temptation of straying from its mandate. When we issued the draft report in January, we were criticized by the New York Times and others for failing to define full employment. The commission decided instead to limit its recommendations to a review of data collection and their meaning, leaving speculation and pronouncements about the policy implications to others.

Nonetheless, my personal view is that the commission has not exhausted needed revisions of labor market definitions. Discouraged workers is one obvious area. Changing the count of the military is another area. We recommended that the military should be counted as part of the labor force. The armed forces are competing with civilian employers for the same labor force. The inclusion of the military in the labor force would reduce the unemployment count roughly by 0.1 percent. We recommended, however, that the military not be counted at the local level. The ra-

tionale in this respect is that a youngster entering the military may be sent anywhere in the United States and not remain in the local labor market. I am not persuaded by this argument, but, favoring the count of the military I concluded that half a loaf is better than none.

Q. What would happen in case of conscription?

A. We talked about that. Although the report doesn't say so, my personal view would be that if we return to conscription at the current strength of about 2.1 million, our recommendation would still stand. In case of a war, we will have so many other adjustments in the economy, and I would not worry about counting the labor force as a major problem.

Q. But what if we were going to some sort of a national youth service that would involve universal conscription for both military and domestic purposes?

A. My answer is that the national youth service is an idea whose time has long passed, if it ever existed.

Permit me to mention briefly two more points. We preach that the BLS remain completely politically independent. At the same time the commission realized that if BLS is to be insulated from political pressure, it should be responsive in supplying policymakers the data they require. We therefore recommend that the role of advisory committees be strengthened and that a third committee representing data users be added to the current industry committee and labor committee. We are urging stronger participation by the newly constituted advisory committees. Right now the BLS advisory committees play a passive role. We are saying that they should be heard, and that their recommendations should be made public.

Q. As I understand your summary, the implementation of the commission recommendations would result in lower unemployment. Is that what the commission meant by continuity?

A. The commission, I believe, has done an excellent technical job and was fully responsive to the mandate spelled out in the law. We provided a careful analysis of the data and made modest recommendations for their improvements and the rest is up to the administration. Expressing my personal view, I would hope that the Secretary of Labor will decide to count the discouraged workers as we defined them, not as they are now recorded separately. We've found that some of those people counted among the discouraged workers have not looked for a job as long as five years, and some have never worked. Given our more rigorous definition of discouraged workers which the commission unanimously recommended, I trust that the Secretary of Labor would opt for counting discouraged workers as part of the unemployed.

The final point concerns the presentation of the data. We concluded that the monthly report that BLS prepares on the Current Population Survey is sound and objective. We gave BLS a complete bill of health on that score, but we urged BLS to jazz up the report by presenting charts, not center-folds. We also suggest that the presentation of the monthly finding to Congress should continue. They were initiated by Senator Proxmire in 1971, and have been an effective vehicle for the dissemination of the data.

Mr. ROSENTHAL. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I want to commend the gentleman for the diligent and prodigious efforts he has made in examining and understanding

this very complex subject. In spite of the fact that the gentleman and I disagree as to what the final product shall be, nonetheless I want to publicly acknowledge the tremendous and Herculean effort the gentleman has made.

I oppose this amendment. I hope the gentleman would oppose it and let the subcommittee resolve this in its way through negotiation and rational discussion. There are alternative distribution methods, and perhaps the one the gentleman has is a better idea than the one the administration has. I really do not know.

But, it would seem to me that the reasonable, prudent legislative approach tonight is to oppose the amendment and permit the gentleman's very distinguished subcommittee to have an opportunity to fulfill its mission and complete its responsibilities.

□ 1900

Mr. FOUNTAIN. I appreciate the gentleman's contribution. Let me say this. Whatever decision we make tonight on this amendment I sincerely believe that the only piece of legislation that has a chance of getting out of our committee with a favorable report is a truly antirecessionary piece of legislation, based upon a genuine recession where the funds are triggered on and off based upon obvious economic conditions throughout the Nation. As I have said, we already have a general revenue sharing program which I hope we can extend next year, if not before.

Mr. ROSENTHAL. If that is the case, I would hope the gentleman from Texas would withdraw his amendment and permit the gentleman's subcommittee which has spent years and years working in this area an opportunity to negotiate and to come up with a finely tuned product that is in the interests of all of our communities in the United States.

I do not know if the gentleman from Texas (Mr. MATTOX) is disposed to do that.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. MATTOX, and by unanimous consent, Mr. FOUNTAIN was allowed to proceed for 2 additional minutes.)

Mr. MATTOX. Will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Texas.

Mr. MATTOX. The gentleman is a highly respected Member of this body. Does the gentleman oppose my amendment?

Mr. FOUNTAIN. Mr. Chairman, I am neither supporting nor opposing this amendment. As chairman of the subcommittee, regardless of my personal feelings, I want to be fair to those who favor such legislation. I do not know how I am going to vote on it. I may vote "present" and remain neutral until we get a chance to act. As chairman of the subcommittee, I am simply stating the position of the subcommittee and the status of legislation which came from the Senate. We are in the process of trying to see if we can come up with something that may be reasonable and responsible and necessary, and equitable because the legislation which was sent to us by the

Senate is irresponsible, and grossly inequitable.

Mr. MATTOX. Mr. Chairman, I certainly approve the gentleman's past actions in opposing this kind of program. I wish the gentleman well in finding some needed formula. I think they could come in a third budget resolution, if it is necessary to have any, for 1980.

Mr. FOUNTAIN. Mr. Chairman, I thank the gentleman for his observation.

Mrs. BOGGS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by my good friend, the gentleman from Texas (Mr. MATTOX).

This budget resolution makes provision for the enactment of some form of antirecession fiscal assistance as has been pointed out by the distinguished gentleman from North Carolina (Mr. FOUNTAIN). It has also been pointed out that the Senate has approved this program and I think this body, if we have a chance to vote on the legislation, will approve it also.

Mr. Chairman, we must recognize the fact we are now in the middle of a recession; whether it is termed mild or severe, it is a recession. We in this Congress have the opportunity to determine how severe it will be, as the gentleman from New Jersey (Mr. RODINO) has reminded us.

The antirecessionary or countercyclical revenue-sharing program is a simple standby system for compensating different parts of the country and areas of the economy which are more seriously impacted by the recession than others which might be more prosperous.

Mr. Chairman, at some point in the future, quite possibly in the coming fiscal year, we are going to need a program to provide temporary fiscal assistance to localities with chronically high unemployment and to localities adversely affected by the effects of a recession.

Mr. Chairman, the legislation already approved by the other body is highly targeted. Rather than approving some 18,000 jurisdictions as did the proposal under consideration last year the current proposal has been scaled down to a level where only those most in need, potentially only 2,100 jurisdictions, would be eligible.

Mr. Chairman, this is not an "ill defined, hot check" for the States. It is a fairly tight proposal. Yet it does not benefit only those older cities in the East and Midwest. It would include smaller cities and suburban areas where a real need exists.

One final point, Mr. Chairman: The Congressional Budget Office has projected that the national unemployment rate will reach 7½ percent by the end of next year. As the gentleman from New York (Mr. SOLARZ) has said, the Senate version of the antirecessionary assistance program will be triggered when the national rate reaches 6½ percent. Rather than wait to act when unemployment soars—as unfortunately it may—I think a more responsible course is to provide for a standby program which would respond automatically to changes in economic conditions in both the national and local levels. It would give the resi-

dents and the business people of the affected cities the confidence they need to invest and reinvest in their local economies. This will contribute to recovery nationally.

Mr. Chairman, I think we should maintain the option to enact an anti-inflationary program. This budget resolution allows that option. I, therefore, urge the defeat of this amendment to strike that option.

Mr. BROOKS. Mr. Chairman, I move to strike the requisite number of words and will speak in favor of the amendment.

Mr. Chairman, this amendment should be supported by those who fear that our economy is sliding into a recession. The committee report on this budget resolution states it is designed to restrain excessive spending, combat inflation, and move toward the goal of a balanced budget. However, the item the amendment seeks to remove from the resolution does none of these things. In fact, it works in just the opposite direction. It increases Government spending, it adds to inflationary pressures and moves us further away from a balanced budget.

A recession is a time for belt tightening, for exercising greater care in spending dollars we have collected from our hard-pressed citizens. A recession does not mean business as usual, but that is exactly what the antirecession program this budget resolution seeks to fund is designed to do; to keep cities from having to take any economy measures to adjust to a decline in economic activity.

"There, there," we say, "just don't let that little old recession bother you, don't try to cut your costs, don't try to find a way to save any money, just keep on doing what you're doing. We'll see that the money keeps rolling in, even if we have to go a lot deeper in debt here in Washington."

Now, Mr. Chairman, the concern of the Federal Government in a time of recession should be to see that everything is done that can be done within the limits of fiscal responsibility to ease the burden of bad times on our citizens. I think we do a pretty good job of that.

Mr. Chairman, during a recession the Federal Government pays out more money for food stamps. It pays out more money for unemployment insurance. It pays out more money for aid to dependent children. These are the kind of programs we have devised to help our people get through a recession. They are worthy programs, and if more money is to be appropriated to combat recession, it should go to them.

Mr. Chairman, in addition to these programs to help individuals, we have a number of programs to help cities and States. The cost of them is over \$85 billion a year. Just a little aid from Uncle Sam and we are delighted to help them. However, I do not want to go any further than that. That seems like enough to me.

Mr. Chairman, there is \$10.7 billion in economic and urban aid to cities and communities right in this budget resolution not counting targeted fiscal assistance. We are giving them in this resolution \$10.7 billion so how are they going to miss a half billion they haven't gotten for a couple of years. How much do we

want to give them? I am just asking you to be reasonable.

Mr. Chairman, it should not be the responsibility of the Federal Government to relieve local officials of the necessity of finding ways to economize when the Nation is caught in a recession. We hear so much around here about how the Federal Government is not the fountain of all wisdom—that we should leave it to local officials to decide how and where the money to run local government should be spent.

□ 1910

I am willing to do that, but with the right to decide just how the money should be spent goes the obligation of raising that money. I do not hear supporters of this program, Republican or Democrat, Dixiecrat, Reactionary, Liberal, or whatever they want to be, none of them say one word about Federal intervention when it is Federal money, that old green money that is intervening and bothering them. It does not bother them a bit. It is just wonderful.

Now, I hope all of you will take time to read the recent report of the National Commission on Employment and Unemployment Statistics which has been studying the use of unemployment data in formulas for distributing Federal funds. That is the kind of formula used to distribute antirecession money, this countercyclical money.

Now, the Chairman of that Commission, Dr. Sar Levitan had this to say:

We took a hard look at the way Congress depends on non-existent state and local labor force data and how lawmakers continue to ask for more of the same.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Brooks) has expired.

(By unanimous consent, Mr. Brooks was allowed to proceed for 2 additional minutes.)

Mr. BROOKS. He went on to say:

If Congress orders the allocation of funds on the basis of structural unemployment to small areas—

And by that he means States and cities—

then it is asking the Bureau of Labor Statistics statisticians to make up numbers.

Now, Mr. Chairman, even in the best of times, if we had a budget surplus to match the size of our deficit, it would be irresponsible to distribute billions of dollars of taxpayers' money on the basis of a formula that relies mainly on guesswork. In times of recession it should be unthinkable.

Mr. Chairman, I urge support for the amendment.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Brooks) has again expired.

(At the request of Mr. Weiss, and by unanimous consent, Mr. Brooks was allowed to proceed for 2 additional minutes.)

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. Yes; I will take a couple more minutes. Do I get to use it or do I give it all away?

Mr. WEISS. Not all of it, Mr. Chairman. I just wanted the gentleman to yield for a couple questions.

Mr. BROOKS. I yield to my distinguished friend from the great city of New York.

Mr. WEISS. Mr. Chairman, I appreciate the gentleman yielding to me and I want to commend the gentleman for the tremendous leadership he displays as the chairman of the Committee on Government Operations, of which I have the privilege of being a member.

The gentleman probably heard the statement that the distinguished chairman of the Subcommittee on Governmental Relations made which dealt with this specific issue.

The gentleman from North Carolina (Mr. FOUNTAIN), the chairman, indicated that the subcommittee is currently in the process of exploring an entirely new formula which he hoped would meet many of the objections which the chairman himself has raised to the present legislation pending.

Supposing, in fact, under the leadership of the gentleman from North Carolina (Mr. FOUNTAIN) a bill comes forward that the subcommittee approves. Would the chairman of the Government Operations Committee, the gentleman then support that legislation for whatever formula it comes up with, whether targeted or countercyclical assistance?

Mr. BROOKS. I would be openminded on it. Certainly I would take a look at it. I am very interested in what the chairman of the subcommittee has been doing. I am familiar with his efforts. I am familiar with the efforts we have made for the last couple of years to get people like the gentleman from New York to understand that the labor statistics are absolutely erroneous, made up figures. It is a phony way to give away Federal money. If we will concede that point, if the gentleman wants to help people that really need help, if that is the people the gentleman wants to help, we can go forward, but if the gentleman is trying to help people just to get enough votes to pass this next giveaway, well then I am not going to buy that.

Mr. WEISS. No, no. The last question I want to ask the gentleman is if the gentleman is, in fact, openminded to would consider the legislation that the gentleman from North Carolina (Mr. FOUNTAIN) would be satisfied with.

Mr. BROOKS. Surely.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Brooks) has again expired.

(At the request of Mr. Weiss, and by unanimous consent, Mr. Brooks was allowed to proceed for 1 additional minute.)

Mr. WEISS. Mr. Chairman, will the gentleman yield further?

Mr. BROOKS. Surely.

Mr. WEISS. Mr. Chairman, if, in fact, the gentleman were satisfied with that legislation, would not the gentleman agree that this budget resolution ought to have the \$550 million in it so that, in fact, that legislation could be funded?

Mr. BROOKS. Not necessarily. If we pass the bill, if we get a bill passed that is workable, we can get the money appropriated.

Mr. WEISS. Mr. Chairman, I rise in strong opposition to this amendment which would strike \$550 million from the

budget resolution in order to eliminate the antirecession fiscal assistance program, or countercyclical aid, for fiscal 1980.

One could argue quite convincingly and appropriately that the sum set aside in the resolution for this program is not nearly enough. But it is very hard to detect the merit in an amendment that seeks to excise entirely antirecession aid to States and localities at precisely the period when a recession is beginning.

I do not think that even the proponents of this measure will contend that the recession is not real or likely to be rather severe. All statistics certainly point in that direction. And if this is indeed the case—if we all agree that a significant economic downturn has begun—then how can it be reasonably asserted that the Nation does not need an effective fiscal assistance program to counter the adverse effects of the business cycle?

Supporters of this amendment are likely to rely on two basic contentions: That most States do not require targeted Federal aid because they are enjoying budget surpluses and that past experience shows the triggering formula to be unreliable and poorly designed. I would like to address each of these points for they seem to me to be the only plausible obstacles to overwhelming rejection of the amendment.

First, it is admittedly true that preliminary reports for 1978 do show an aggregate State and local budget surplus of some \$26 billion. These funds, amendment supporters will argue, should be used to counter the recession at the State and local level. With an enormous surplus like this, they will ask, what need do the States have for \$550 million in Federal aid?

A closer look at the statistics will reveal the actual situation facing States and localities. Some \$20 billion of the surplus is in fact revenues above expenditures contained in various social insurance funds such as retirement plans. These funds cannot be used by the States or localities to offset the impact of recession. The money belongs to the participants in these plans, not to the government.

In addition, the remaining \$6 billion surplus has been shrinking fairly rapidly throughout 1978, and the Congressional Budget Office predicts that the aggregate surplus will become an aggregate deficit by 1980.

Finally, most States and localities are required by law to balance their operating budgets. The existence of even a disappearing surplus in no way reflects the extent to which service cutbacks have been made in order to stave off deficits. Indeed, it is quite clear to many of my colleagues that governmental jurisdictions within their districts have been economizing in important areas in recent months in order to fulfill the requirements of balanced budget legislation.

As for the argument that the triggering mechanism in previous versions of the countercyclical program is unreliable, it must be pointed out that we are not being asked to vote today on any specific formula for distributing antire-

cession funds. Instead, the amendment before us would obviate any future attempt to make the formula more accurate and more fair. Just because a previously used method was not perfectly precise in its allocation of funds is not a sufficient reason to throw away any opportunity to make it more equitable.

As a member of the committee reviewing countercyclical proposals, I can report to my colleagues considerable encouragement that a more useful and more helpful triggering formula may well be brought before the House for its consideration. But you will not be able to discuss the merits of any kind of formula or any kind of aid program to the States and localities if we approve this amendment today.

The Senate has already acted most commendably and responsibly in passing countercyclical legislation. The other Chamber clearly recognizes the importance of having such a program in place for fiscal 1980 as the recession enters its more severe stages.

The nationwide unemployment rate has already begun to climb again and it is expected to exceed the 7-percent mark by the beginning of 1980. Unless we have room in the budget for antirecession aid the severity and duration of the downturn will be aggravated.

I therefore urge my colleagues to at least preserve the potential for effectively fighting the current recession by voting down this amendment.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I just want to compliment the gentleman on his statement, because as the ranking minority member of the appropriating subcommittee that has been called upon to appropriate the money for countercyclical revenue sharing, the program is a terrible program. It is a disaster and I think the chairman is exactly right.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. MATTOX).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MATTOX. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 183, noes 220, answered "present" 1, not voting 30, as follows:

(Roll No. 485)

AYES—183

Abdnor	Brown, Ohio	Daniel, Dan
Andrews, N.C.	Broyhill	Daniel, R. W.
Andrews,	Burgener	Dannemeyer
N. Dak.	Byron	Derrick
Anthony	Campbell	Derwinski
Archer	Cavanaugh	Devine
Ashbrook	Chappell	Dickinson
Bafalis	Cheney	Dornan
Barnard	Cleveland	Duncan, Tenn.
Bauman	Clinger	Edwards, Ala.
Beard, Tenn.	Coleman	Edwards, Okla.
Bennett	Collins, Tex.	English
Bereuter	Conable	Erdahl
Bethune	Corcoran	Erlenborn
Bevill	Coughlin	Ertel
Breaux	Courter	Evans, Ga.
Brooks	Crane, Daniel	Fascell
Broomfield	Crane, Philip	Fenwick

Findley	Leach, Iowa	Ritter
Flippo	Leach, La.	Roberts
Frenzel	Leath, Tex.	Robinson
Frost	Lee	Rose
Fuqua	Lehman	Rousselot
Gibbons	Levitas	Royer
Gingrich	Lewis	Rudd
Ginn	Loeffler	Runnels
Glickman	Long, Md.	Satterfield
Goldwater	Lott	Sawyer
Gradison	Lujan	Schulze
Gramm	Lungren	Seballus
Grassley	McClory	Sensenbrenner
Grisham	McDonald	Shelby
Gudger	Madigan	Shumway
Guyer	Marienne	Shuster
Hagedorn	Marriott	Smith, Iowa
Hall, Tex.	Martin	Smith, Nebr.
Hammer-	Mathis	Snyder
schmidt	Mattox	Solomon
Hansen	Michel	Spence
Hefner	Miller, Ohio	Stangeland
Hightower	Montgomery	Stockman
Hinson	Moore	Stump
Holt	Moorhead,	Symms
Hopkins	Calif.	Synar
Hubbard	Mottl	Tauke
Huckaby	Murphy, Pa.	Taylor
Hutto	Myers, Ind.	Thomas
Hyde	Neal	Trible
Ichord	Nelson	Vander Jagt
Ireland	Nichols	Volkmer
Jacobs	O'Brien	Walker
Jeffries	Pashayan	Watkins
Jenkins	Paul	White
Jenrette	Pease	Whitehurst
Jones, N.C.	Petri	Whitley
Jones, Okla.	Preyer	Whittaker
Kelly	Price	Wilson, Bob
Kemp	Quayle	Wilson, Tex.
Kindness	Quillen	Wyatt
Kramer	Rallsback	Wylie
Lagomarsino	Pegula	Young, Alaska
Latta	Rhodes	Young, Fla.

NOES—220

Addabbo	Drinan	Lowry
Akaka	Early	Lukens
Albosta	Eckhardt	Lundine
Alexander	Edgar	McCloskey
Ambro	Edwards, Calif.	McCormack
Anderson,	Emery	McDade
Calif.	Evans, Del.	McHugh
Annunzio	Evans, Ind.	McKinney
Applegate	Fary	Maguire
Ashley	Fazio	Markey
Aspin	Ferraro	Marks
Atkinson	Fish	Matsui
AuCoin	Fisher	Mavroules
Bailey	Fithian	Mazzoli
Baldus	Florio	Mica
Barnes	Foley	Mikulski
Beard, R.I.	Fowler	Mikva
Bedell	Garcia	Miller, Calif.
Bellenson	Gaydos	Mineta
Benjamin	Gephardt	Minish
Biaggi	Glaimo	Mitchell, Md.
Bingham	Gilman	Mitchell, N.Y.
Blanchard	Gonzalez	Moakley
Boggs	Goodling	Moffett
Bolling	Gore	Mollohan
Boner	Gray	Moorhead, Pa.
Bonior	Green	Murphy, Ill.
Bonker	Guarini	Murtha
Bouquard	Hall, Ohio	Myers, Pa.
Brademas	Hamilton	Natcher
Brodhead	Hanley	Nedzi
Brown, Calif.	Harkin	Nolan
Buchanan	Harris	Nowak
Burlison	Harsha	Oakar
Burton, John	Hawkins	Oberstar
Carney	Heckler	Obey
Carr	Heftel	Ottenger
Chisholm	Hillis	Panetta
Clausen	Holland	Patten
Clay	Hollenbeck	Patterson
Coelho	Holtzman	Pepper
Collins, Ill.	Horton	Perkins
Conte	Howard	Peyser
Cotter	Hughes	Pursell
D'Amours	Jeffords	Rahall
Danielson	Johnson, Calif.	Rangel
Daschle	Jones, Tenn.	Ratchford
Davis, Mich.	Kastenmeyer	Reuss
de la Garza	Kazen	Richmond
Deckard	Kildee	Rinaldo
Dellums	Kogovsek	Rodino
Dicks	Kostmayer	Roe
Diggs	LaFalce	Rosenthal
Dingell	Lederer	Rostenkowski
Dixon	Leland	Russo
Dodd	Lent	Sabo
Donnelly	Livingston	Santini
Dougherty	Lloyd	Scheuer
Downey	Long, La.	Schroeder

ANSWERED "PRESENT"—1

Fountain

NOT VOTING—30

Anderson, Ill.	Davis, S.C.	Murphy, N.Y.
Badham	Duncan, Oreg.	Pickle
Boland	Flood	Pritchard
Bowen	Ford, Mich.	Roth
Brinkley	Ford, Tenn.	Roybal
Burton, Phillip	Forsythe	Stenholm
Butler	Hance	Treen
Carter	Johnson, Colo.	Udall
Conyers	McEwen	Wilson, C. H.
Corman	McKay	Winn

□ 1930

Mr. LIVINGSTON changed his vote from "aye" to "no."

Mr. PREYER changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. COUGHLIN

Mr. COUGHLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COUGHLIN: In the matter relating to the recommended level of Federal revenues reduce the amount by \$250 million;

In the matter relating to the amount by which the aggregate level of Federal revenues should be reduced, reduce the amount by \$250 million;

In the matter relating to the appropriate level of total new budget authority reduce the amount by \$400 million;

In the matter relating to the appropriate level of total budget outlays reduce the amount by \$100 million.

In the matter relating to the amount of the deficit increase the amount by \$150 million;

In the matter relating to the appropriate level of the public debt increase the amount by \$150 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by \$150 million.

(10) In the matter relating to function 500: Education, training, employment, and social services reduce the amount for budget authority by \$400 million; and reduce the amount for outlays by \$100 million.

Mr. COUGHLIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COUGHLIN. Mr. Chairman, the purpose of this amendment is to provide \$250 million in a reduction in revenues to allow for a modest program of tuition tax credits.

The second budget resolution recommendation for function 500 anticipates a supplemental appropriation to fully fund the basic education opportunity grants program. The supplemental appropri-

tion anticipated is \$400 million in budget authority and \$100 million in outlays. The amendment proposed would reduce the education function by that \$400 million in budget authority and \$100 million in outlays to eliminate the Budget Committee's recommendation anticipating a supplemental appropriation for BEOG's. That recommendation of the Budget Committee was passed based on a Congressional Budget Office reexamination of what funding level was necessary to maintain the full funding of BEOG's. CBO said that \$393 million was necessary in additional budget authority. HEW, however, said that only \$97 million was necessary.

Mr. Chairman, as I said, there has been a dispute between the Congressional Budget Office and the Department of Health, Education, and Welfare as to the amount necessary to fund BEOG's. I do not think that any increase is necessary to do that funding. Therefore, the money that was contained in the resolution for the BEOG supplemental could be used in this case for a modest program of tuition tax credits.

Mr. Chairman, this House on a number of occasions has expressed itself very substantially in favor of tuition tax credits. They mean that people would be allowed to keep some of their own funds to finance education for their children instead of funneling funds to the Government for redistribution for educational purposes or otherwise. A tuition tax credit would permit families to determine how they want to spend their funds, how their children should be educated, and would permit that choice to be made at home, in keeping their own funds. The proposal that I would have on tuition tax credits would be limited to higher education tuition tax credits, a modest tax credit of \$250 against tuition, to a limit of 25 percent of that tuition. That credit would be refundable so that those who really need it and also receive grants could receive a refundable credit for tuition. There would be an offset against the BEOG program, any grant program for the tuition tax credit itself, so that the people could not double dip and get both kinds of assistance.

Mr. Chairman, if we are really intent on saving the public tax dollars, if we are really intent on reducing the bureaucracy, if we are really intent on providing real aid to education, then the tax credit route is the route I think we should go and the route that an overwhelming majority of the Members of this House has voted on many occasions to go, because it would not require families to come to the Federal Government, to fill out voluminous forms, disclose all of their income and assets, and to take an oath of poverty in order to obtain the aid that is necessary for higher education.

Just recently figures have been published indicating the increases in the cost of higher education, and those costs are indeed staggering.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield for a question?

Mr. COUGHLIN. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, is the gentleman reducing it \$400 million or \$250 million?

Mr. COUGHLIN. \$400 million in budget authority and \$100 million in outlays.

Mr. GIAIMO. There were two versions of the amendment, and I was not sure.

Mr. COUGHLIN. That is the one.

Mr. Chairman, I do hope that, in considering this, the House will again look favorably upon tuition tax credits as one method of providing the very hard-pressed low- and middle-income families of America with a real opportunity to get an education for their children.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. COUGHLIN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-nine Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1940

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Pennsylvania (Mr. COUGHLIN) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 221, noes 176, not voting 37, as follows:

[Roll No. 486]

AYES—221

Abdnor
Addabbo
Albosta
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Atkinson
Bafalis
Barnard
Bauman
Benjamin
Bennett
Bereuter
Boggs
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Byron
Campbell
Carney

Cavanaugh
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Cotter
Coughlin
Courtner
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Derwinski
Devine
Dickinson
Donnelly

Dornan
Dougherty
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Eriksen
Ertel
Evans, Del.
Evans, Ga.
Ferraro
Fish
Florio
Forsythe
Fountain
Frenzel
Gaydos
Gephardt
Gilman
Gingrich
Glickman
Goldwater
Goodling
Gradison

Grassley
Green
Grisham
Guarini
Guyer
Hagedorn
Hall, Tex.
Hansen
Harris
Harsha
Heckler
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hyde
Ichord
Jeffords
Jeffries
Jenrette
Johnson, Calif.
Johnson, Colo.
Kastenmeier
Kelly
Kemp
Kindness
Kostmayer
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lent
Lewis
Livingston
Loeffler
Long, Md.
Lott
Lujan
Lungren

McClory
McDade
McDonald
McKinney
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Michel
Mikulski
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Ind.
Nowak
O'Brien
Oakar
Pashayan
Paul
Pepper
Petri
Pritchard
Quayle
Quillen
Rallsback
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rostenkowski
Roth
Rousselot

Royer
Rudd
Runnels
Russo
Santini
Sawyer
Schulze
Sebelius
Sensenbrenner
Shumway
Shuster
Slack
Smith, Nebr.
Snowe
Snvder
Solarz
Solomon
Spence
Stangeland
Stanton
Symms
Tauke
Taylor
Thomas
Traxler
Trible
Vander Jagt
Volkmeyer
Walker
Wampler
Watkins
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zerfetti

NOES—176

Akaka
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
AuCoin
Bailey
Baldus
Barnes
Bedell
Bellenson
Bethune
Bevill
Blaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Buchanan
Burlison
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Coelho
Collins, Ill.
Danielson
Davis, S.C.
Dellums
Derrick
Dicks
Dingell
Dixon
Dodd
Downey
Drinan
Eckhardt
Edwards, Calif.
Evans, Ind.
Fary
Fasell
Fazio
Fenwick
Findley
Fisher

Pithian
Flippo
Ford, Mich.
Fowler
Frost
Fuqua
Garcia
Gialmo
Gibbons
Ginn
Gonzalez
Gore
Gramm
Gray
Gudger
Hall, Ohio
Hamilton
Hammer-schmidt
Hanley
Harkin
Hawkins
Hefner
Heftel
Hightower
Hillis
Holland
Holtzman
Howard
Hutto
Ireland
Jenkins
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kildee
Kogovsek
LaFalce
Lehman
Leland
Levitas
Lloyd
Lowry
Lundine
McCormack
McHugh
McKay
Maguire
Markey
Matsui
Mattox
Mavroules
Mazzoli

Mica
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moffett
Mollohan
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Perkins
Peyser
Preyer
Price
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rodino
Rose
Sabo
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Shelby
Simon
Skelton
Smith, Iowa
St Germain
Stack
Staggers
Stark
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift

Williams, Mont.	Walgren	Synar
Wirth	Weaver	Thompson
Wolpe	Weiss	Ullman
Yates	Whitley	Van Deerlin
Zablocki	Whitten	Vento

NOT VOTING—37

Anderson, Ill.	Flood	Satterfield
Aspin	Foley	Spellman
Badham	Ford, Tenn.	Steed
Beard, R.I.	Hance	Stenholm
Beard, Tenn.	Jacobs	Treen
Bowen	Long, La.	Udall
Brinkley	Luken	Vanik
Butler	McCloskey	Waxman
Carter	McEwen	Wilson, C. H.
Conyers	Murphy, N.Y.	Winn
Corman	Pickle	Wolff
Diggs	Rosenthal	
Duncan, Oreg.	Roybal	

□ 2000

Messrs. JOHNSON of California, LONG of Maryland, BENNETT, TRAXLER, and ATKINSON changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. FISHER

Mr. FISHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISHER: In the matter relating to the appropriate level of total new budget authority decrease the amount by \$3,161,000,000;

In the matter relating to the amount of the deficit decrease the amount by \$2,743,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by \$2,743,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by \$2,743,000,000;

(1) In the matter relating to function 050: National defense decrease the amount for budget authority by \$735,000,000; and decrease the amount for outlays by \$692,000,000.

(2) In the matter relating to function 150: International affairs decrease the amount for budget authority by \$68,000,000; and decrease the amount for outlays by \$47,000,000.

(3) In the matter relating to function 250: General science, space, and technology decrease the amount for budget authority by \$31,000,000; and decrease the amount for outlays by \$30,000,000.

(4) In the matter relating to function 270: Energy decrease the amount for budget authority by \$193,000,000; and decrease the amount for outlays by \$47,000,000;

(5) In the matter relating to function 300: Natural resources and environment decrease the amount for budget authority by \$67,000,000; and decrease the amount for outlays by \$65,000,000.

(6) In the matter relating to function 350: Agriculture decrease the amount for budget authority by \$27,000,000; and decrease the amount for outlays by \$14,000,000.

(7) In the matter relating to function 370: Commerce and housing credit decrease the amount for budget authority by \$36,000,000; and decrease the amount for outlays by \$15,000,000.

(8) In the matter relating to function 400: Transportation decrease the amount for budget authority by \$104,000,000; and decrease the amount for outlays by \$100,000,000.

(9) In the matter relating to function 450: Community and regional development decrease the amount for budget authority by \$48,000,000; and decrease the amount for outlays by \$45,000,000.

(10) In the matter relating to function 500: Education, training, employment, and

social services decrease the amount for budget authority by \$168,000,000; and decrease the amount for outlays by \$169,000,000.

(11) In the matter relating to function 550: Health decrease the amount for budget authority by \$313,000,000; and decrease the amount for outlays by \$294,000,000.

(12) In the matter relating to function 600: Income security decrease the amount for budget authority by \$1,158,000,000; and decrease the amount for outlays by \$1,015,000,000.

(13) In the matter relating to function 700: Veterans benefits and services decrease the amount for budget authority by \$115,000,000; and decrease the amount for outlays by \$112,000,000.

(14) In the matter relating to function 750: Administration of justice decrease the amount for budget authority by \$23,000,000; and decrease the amount for outlays by \$24,000,000.

(15) In the matter relating to function 800: General government decrease the amount for budget authority by \$24,000,000; and decrease the amount for outlays by \$23,000,000.

(16) In the matter relating to function 850: General purpose fiscal assistance decrease the amount for budget authority by \$48,000,000; and decrease the amount for outlays by \$49,000,000.

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by \$3,000,000; and decrease the amount for outlays by \$3,000,000.

Mr. FISHER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FISHER. Mr. Chairman, this amendment offers a reduction of one-half of 1 percent in budget outlays—a reduction of one-half of 1 percent in budget outlays distributed pro rata across all budget functions except interest and undistributed offsets.

This is a modest reduction, but it does send a signal to the departments and agencies of Government to tighten belts. Half of 1 percent comes to \$2.7 billion. It is surprising how much half of 1 percent of our budget is, but I am proposing to reduce outlays by one-half of 1 percent, \$2.7 billion, across the board with the exception of the obvious two functions, interest and undistributed offsets.

This amount of cut, \$2.7 billion, is a manageable reduction. It is not some huge cut that devastates programs. It is the kind of reduction that can be achieved out of tighter management; the kind of reduction in a family budget or in the budget of a small business that could easily be accommodated with a little determination to do so.

It has a number of advantages, especially to those Members on both sides of the aisle who would like to keep the pressure on, keep more pressure on, but not so much as to be ridiculous; keep more pressure on the agencies of Government to operate their activities more effectively.

A cut of this magnitude will not require any drastic and difficult reconciliation process.

□ 2010

A cut of this reasonable magnitude has the advantage of not throwing the budget process into reconciliation, putting appropriations subcommittees in a kind of tizzy. In fact, the appropriations that we have voted already are somewhat less than the recommendations of the committee on the budget. This will not be traumatic, but it will be significant, and it will tell the American people what we aim to do, and that is to restrain expenditures even a little harder than this budget would do.

My amendment has a further advantage. The revenue estimates, frankly, are a bit shaky. Some of them may not be achievable, particularly those that carry the label "improvements of cash management." It may be that we are counting on more revenue than actually we will be able to get and, therefore, it is even more desirable that we trim back outlays a little bit—\$2.7 billion.

I say "a little bit." With reference to the total in itself this is a considerable amount. Inflation, in my judgment, and in the judgment of many of us, is still the main problem, public enemy No. 1. This tightens a little bit against inflation. It sends a further message out that we mean business about restraining expenditures.

If a recession should really develop, a profound, difficult, severe recession—we cannot be sure of that now but we may know the answer to that in a few months—then I think a third budget resolution next year will probably be necessary in any event.

So there it is. I proposed this kind of budget reduction in May, and the Members voted for it by a good healthy margin. I present it again now, because I think it is just about the kind of message that we ought to convey to people. This is a modest reduction in spending compared to the total. It does achieve \$2.7 billion reduction in outlays, and correspondingly in budget authority, and a \$2.7 billion reduction in deficits. It says to the departments and agencies, "Tighten up. Manage more carefully even compared to what you otherwise would do"—that is what it says.

That is a thoroughly reasonable proposition. The House passed such an amendment in May, and I hope that it will pass it again this evening.

Mr. GIAIMO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I appreciate what the gentleman from Virginia is trying to do, but I would submit that the committee has already tightened up in many of these areas. Before that, let me say that this budget had been tightened when it was originally sent up by the President last January. Let me remind the Members that this budget has about 1.7 percent real growth compared to prior budgets over the last several years which had 5 percent per year real growth. This budget represents a very real constriction or compression of spending in many Federal programs. We have gone over this budget very carefully, and we know that the appropriating committees and

the entitlement committees in the House have been working very diligently to try to hold the line on spending.

In this budget resolution we are providing for recommended reductions in programs such as medicaid, about \$273 million, designed to accommodate what the gentleman from Virginia (Mr. FISHER) is trying to do to hold the line, to reduce inefficiency, and to effect other savings. We are pushing them to that extent, to reduce by \$273 million. In the medicaid program there is a reduction of \$900 million to reduce the error rate in eligibility determination, reduction in fraud and abuse, malpractice insurance allowance and others. The same is true in the AFDC program and the SSI program where we are trying to accomplish reductions in waste, inefficiency, and mismanagement.

This budget has in it a \$500 million reduction for waste, fraud, and abuse in HEW programs, the proposal which the gentleman from Illinois (Mr. MICHEL) has suggested from time to time. All of this totals about \$2 billion in reductions designed to put the pressure on the Federal bureaucracy and the agencies to try to find ways to hold the line on spending and to curtail unnecessary spending. To impose this proposed reduction of \$2.7 billion in addition to that I think will be quite harsh. Let me just give the Members some of the big programs it will affect. It will take an additional \$735 million out of the defense budget, and that is a substantial amount. In the health field it will take \$300 million more out of important programs. In the income security area as I have indicated, it will take out over \$1 billion more, a very drastic and harsh cut. It will take out a million dollars in veterans' programs, and on and on and on. I do not think that we really want to make a drastic cut of this type in addition to what the committee has already cut over and above what was originally built into this restrained budget for 1980; namely, a budget with very little, if any, real growth—less than 2 percent compared to budgets which used to have 5 percent real growth in them. This budget does not. It is already a tight budget, and for that reason I urge the defeat of the amendment.

AMENDMENT OFFERED BY MR. MATTOX AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. FISHER

Mr. MATTOX. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MATTOX as a substitute for the amendment offered by Mr. FISHER: In the matter relating to the appropriate level of total new budget authority decrease the amount by \$2,251,000,000;

In the matter relating to the appropriate level of total budget outlays decrease the amount by \$963,000,000;

In the matter relating to the amount of the deficit decrease the amount by \$963,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by \$963,000,000.

(2) In the matter relating to function 150: International affairs decrease the

amount for budget authority by \$100,000,000; and decrease the amount for outlays by \$44,000,000.

(3) In the matter relating to function 250: General science, space, and technology decrease the amount for budget authority by \$39,000,000; and decrease the amount for outlays by \$28,000,000.

(4) In the matter relating to function 270: Energy decrease the amount for budget authority by \$338,000,000; and decrease the amount for outlays by \$44,000,000.

(5) In the matter relating to function 300: Natural resources and environment decrease the amount for budget authority by \$136,000,000; and decrease the amount for outlays by \$60,000,000.

(6) In the matter relating to function 350: Agriculture decrease the amount for budget authority by \$46,000,000; and decrease the amount for outlays by \$13,000,000.

(7) In the matter relating to function 370: Commerce and house credit decrease the amount for budget authority by \$30,000,000; and decrease the amount for outlays by \$14,000,000.

(8) In the matter relating to function 400: Transportation decrease the amount for budget authority by \$282,000,000; and decrease the amount for outlays by \$93,000,000.

(9) In the matter relating to function 450: Community and regional development decrease the amount for budget authority by \$205,000,000; and decrease the amount for outlays by \$41,000,000.

(10) In the matter relating to function 500: Education, training, employment and social services decrease the amount for budget authority by \$302,000,000; and decrease the amount for outlays by \$157,000,000.

(11) In the matter relating to function 550: Health decrease the amount for budget authority by \$537,000,000; and decrease the amount for outlays by \$274,000,000.

(13) In the matter relating to function 700: Veterans benefits and services decrease the amount for budget authority by \$124,000,000; and decrease the amount for outlays by \$104,000,000.

(14) In the matter relating to function 750: Administration of justice decrease the amount for budget authority by \$28,000,000; and decrease the amount for outlays by \$22,000,000.

(15) In the matter relating to function 800: General government decrease the amount for budget authority by \$26,000,000; and decrease the amount for outlays by \$22,000,000.

(16) In the matter relating to function 850: General purpose fiscal assistance decrease the amount for budget authority by \$56,000,000; and decrease the amount for outlays by \$45,000,000.

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by \$2,000,000; and decrease the amount for outlays by \$2,000,000.

Mr. MATTOX. Mr. Chairman, I will try to be very brief, because it is getting late. I generally agree with what my colleague is trying to do. I offer this substitute as a perfecting amendment as a more appropriate action. The main difference is that in the amendment offered by the gentleman from Virginia (Mr. FISHER) he cuts one-half of 1 percent from national defense and also one-half of 1 percent from income security. That is Social Security and the other income security areas.

I do not think it is the will of this House to cut national defense by one-half of 1 percent nor to take our budget-cutting activities out on the senior

citizens. For that reason I am offering an amendment as a substitute.

My amendment will cut the Federal budget authority by \$2.25 billion and will cut outlays by almost \$1 billion, for fiscal year 1980. I reiterate, my amendment is an amendment cutting across the board just like the amendment offered by the gentleman from Virginia (Mr. FISHER) with two exceptions. I do not cut national defense by one-half of 1 percent, and I do not cut income security. I think that the problem is in this overall budget, that the fat in this budget is marbled through the meat. It is not easy to reach out and just cut off a slice and cut the fat off. I tried to do that with the countercyclical amendment, but I was not able to do so. So when you cannot just reach out and cut it off, you have to offer an amendment and say to the committees, "Now, we are not going to line-item you in any way; we are asking you to go into each one of your functions and see if you can reduce your expenditures by one-half of 1 percent in your functions."

□ 2020

There is not one of us who can go back and tell the American people that we cannot cut \$1 billion in outlays from \$548 billion in outlays. I know we can cut \$1 billion out of \$548 billion. I know you will agree with me that it is entirely possible. I know that if each committee will go and look at its overall jurisdiction that it will be able to make these kind of savings.

I know in this time of budget austerity, we can I know work a little harder, and the committees can work a little harder, and either not start new programs or go back and find the waste. I urge support of this amendment.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from Florida.

Mr. NELSON. Mr. Chairman, I appreciate the gentleman's substitute. In essence, to put figures to this, you are saving the \$692 million that would otherwise be cut in defense and you are saving approximately \$1 billion that would be taken from the income security function which includes social security.

Mr. MATTOX. I am not sure exactly what the figures are but let me reiterate once again. My amendment cuts one-half of 1 percent right across the board as does the gentleman from Virginia (Mr. FISHER) but mine does not cut national defense and does not cut income security. I think that should be the will of the House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. MATTOX) as a substitute for the amendment offered by the gentleman from Virginia (Mr. FISHER).

The amendment offered as a substitute for the amendment was rejected.

AMENDMENT OFFERED BY MR. MILLER OF OHIO AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. FISHER

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Ohio as a substitute for the amendment offered by Mr. FISHER: In the matter relating to the appropriate level of total new budget authority decrease the amount by \$4,049 million;

In the matter relating to the appropriate level of total budget outlays decrease the amount by \$3,556 million;

In the matter relating to the amount of the deficit decrease the amount by \$3,556 million;

In the matter relating to the appropriate level of the public debt decrease the amount by \$3,556 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, decrease the amount by \$3,556 million.

(1) In the matter relating to function 050: National defense decrease the amount for budget authority by \$1,382 million; and decrease the amount for outlays by \$1,286 million.

(2) In the matter relating to function 150: International affairs decrease the amount for budget authority by \$131 million; and decrease the amount for outlays by \$88 million.

(3) In the matter relating to function 250: General science, space, and technology decrease the amount for budget authority by \$58 million; and decrease the amount for outlays by \$57 million.

(5) In the matter relating to function 300: Natural resources and environment decrease the amount for budget authority by \$125 million; and decrease the amount for outlays by \$120 million.

(6) In the matter relating to function 350: Agriculture decrease the amount for budget authority by \$50 million; and decrease the amount for outlays by \$25 million.

(7) In the matter relating to function 370: Commerce and housing credit decrease the amount for budget authority by \$68 million; and decrease the amount for outlays by \$28 million.

(8) In the matter relating to function 400: Transportation decrease the amount for budget authority by \$196 million; and decrease the amount for outlays by \$187 million.

(9) In the matter relating to function 450: Community and regional development decrease the amount for budget authority by \$90 million; and decrease the amount for outlays by \$83 million.

(10) In the matter relating to function 500: Education, training, employment, and social services decrease the amount for budget authority by \$315 million; and decrease the amount for outlays by \$315 million.

(11) In the matter relating to function 550: Health decrease the amount for budget authority by \$588 million; and decrease the amount for outlays by \$547 million.

(12) In the matter relating to function 600: Income security decrease the amount for budget authority by \$562 million; and decrease the amount for outlays by \$336 million.

(14) In the matter relating to function 750: Administration of justice decrease the amount for budget authority by \$43 million; and decrease the amount for outlays by \$45 million.

(15) In the matter relating to function 800: General government decrease the amount for budget authority by \$45 million; and decrease the amount for outlays by \$43 million.

(16) In the matter relating to function 850: General purpose fiscal assistance decrease the amount for budget authority by \$91 million; and decrease the amount for outlays by \$91 million.

(17) In the matter relating to function

900: Interest decrease the amount for budget authority by \$300 million; and decrease the amount for outlays by \$300 million.

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by \$5 million; and decrease the amount for outlays by \$5 million.

Mr. MILLER of Ohio (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MILLER of Ohio. Mr. Chairman, this is an amendment that will reduce expenditures by 1 percent, other than three categories. Energy, function 270—veterans benefits, function 700—No. 3 is income security, function 600. A part of income security would be reduced. Social security would not be reduced.

Mr. STRATTON. Mr. Chairman, would the gentleman yield to me?

Mr. MILLER of Ohio. I yield to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Do I understand that the gentleman has not included defense in those categories that would remain free of being reduced?

Mr. MILLER of Ohio. That is correct.

Mr. STRATTON. I am terribly sorry to hear that. I am afraid I cannot support the gentleman's amendment.

Mr. MILLER of Ohio. I understand that.

The three categories under income security would be: First, social security, and disability insurance, and second the retirement and disability for Federal employees, but under the third category of public assistance and other income supplements, that area of \$31,360 million is included in the 1-percent reduction.

Mr. Chairman, overall, the amendment will amount to \$4,049 million of budget authority, and \$3,556 million in outlays.

Mr. Chairman, I am sure that we can find that we can reduce the total Federal budget. As a matter of fact, in the Department of Housing and Urban Development, independent agencies appropriations report for 1980 you will find on page 65 where we are paying—and this is a minority report which was put in the report—it states we are paying \$1,164 a month in rent payments; \$1,164 a month we can pay to one family for 1 month, and the Federal Government does pay and then charge the taxpayers for this amount.

Mr. Chairman, in the foreign assistance and related programs appropriations bill of 1980, on page 89 we can see where many of the nations we have supported around the world are now loaning us money. We may see also that we are paying interest to quite a few of the nations to whom we have loaned money.

Mr. Chairman, we also hear the story that we need to support India, but India, alone, has loaned us \$682 million on this national debt.

Mr. Chairman, I only point those out.

They are not directly involved in the expenditures, of that I am aware. I point them up to show there are places where we can reduce, where we have gone overboard, and I believe that we can reduce the outlays by 1 percent.

Mr. Chairman, I would request a yeavote on the amendment.

Mr. GIAIMO. Mr. Chairman, I move to strike the last word and rise in opposition to the substitute.

This would reduce outlays by \$3.5 billion. It would make very severe cuts in the defense function. It would make additional cuts throughout, except as the gentleman indicated in function 700 for veterans, and for energy in function 600, as I understand it, he reduces it by \$562 and \$336 million in outlays.

Mr. Chairman, I think this is unusually severe and would hamstring the Government in a way it would not be able to operate and meet its requirements of the people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER) as a substitute for the amendment offered by the gentleman from Virginia (Mr. FISHER).

The question was taken; and on a division (demanded by Mr. MILLER of Ohio) there were—ayes 26, noes 39.

□ 2030

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred nine Members are present, a quorum.

The pending business is the demand of the gentleman from Ohio (Mr. MILLER) for a recorded vote.

A recorded vote was refused.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. FISHER).

The question was taken; and on a division (demanded by Mr. FISHER) there were—ayes 20, noes 43.

So the amendment was rejected.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute, offered by Mr. ROUSSELOT: Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act, of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is \$518,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is \$14,000,000,000;

(2) the appropriate level of total new budget authority is \$599,959,000,000;

(3) the appropriate level of total budget outlays is \$518,000,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$0; and

(5) the appropriate level of the public debt is \$856,900,000,000, and the amount by

which the statutory limit on such debt should accordingly be increased is \$22,700,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that the law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be \$16 billion.

SEC. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

- (1) National Defense (050):
(A) New budget authority, \$138,156,000,000;
(B) Outlays, \$128,587,000,000.
- (2) International Affairs (150):
(A) New budget authority, \$12,617,000,000;
(B) Outlays, \$6,000,000,000.
- (3) General Science, Space, and Technology (250):
(A) New budget authority, \$5,498,000,000;
(B) Outlays, \$5,151,000,000.
- (4) Energy (270):
(A) New budget authority, \$19,695,000,000;
(B) Outlays, \$6,500,000,000.
- (5) Natural Resources and Environment (300):
(A) New budget authority, \$12,500,000,000;
(B) Outlays, \$11,245,000,000.
- (6) Agriculture (350):
(A) New budget authority, \$4,983,000,000;
(B) Outlays, \$2,542,000,000.
- (7) Commerce and Housing Credit (370):
(A) New budget authority, \$6,778,000,000;
(B) Outlays, \$2,828,000,000.
- (8) Transportation (400):
(A) New budget authority, \$19,274,000,000;
(B) Outlays, \$17,600,000,000.
- (9) Community and Regional Development (450):
(A) New budget authority, \$8,120,000,000;
(B) Outlays, \$7,689,000,000.
- (10) Education, Training, Employment and Social Services (500):
(A) New budget authority, \$31,491,000,000;
(B) Outlays, \$28,600,000,000.
- (11) Health (550):
(A) New budget authority, \$56,801,000,000;
(B) Outlays, \$52,734,000,000.
- (12) Income Security (600):
(A) New budget authority, \$212,551,000,000;
(B) Outlays, \$178,051,000,000.
- (13) Veterans Benefits and Services (700):
(A) New budget authority, \$21,607,000,000;

- (B) Outlays, \$20,851,000,000.
- (14) Administration of Justice (750):
(A) New budget authority, \$4,269,000,000;
(B) Outlays, \$4,300,000,000.
- (15) General Government (800):
(A) New budget authority, \$4,327,000,000;
(B) Outlays, \$4,100,000,000.
- (16) General Purpose Fiscal Assistance (850):
(A) New budget authority, \$6,500,000,000;
(B) Outlays, \$6,489,000,000.
- (17) Interest (900):
(A) New budget authority, \$53,880,000,000;
(B) Outlays, \$53,880,000,000.
- (18) Allowances (920):
(A) New budget authority, \$482,000,000;
(B) Outlays, \$453,000,000.
- (19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —\$19,600,000,000;
(B) Outlays, —\$19,600,000,000.

SEC. 4. The Congress projects the following budget aggregates for fiscal years 1981-82, based on the policies assumed in sections one and three—

- (1) the level of Federal revenues is as follows:

Fiscal year 1981: \$567,000,000,000.
Fiscal year 1982: \$624,000,000,000.

- (2) the level of total new budget authority is as follows:

Fiscal year 1981: \$645,000,000,000.
Fiscal year 1982: \$693,000,000,000.

- (3) the level of total budget outlays is as follows:

Fiscal year 1981: \$564,000,000,000.
Fiscal year 1982: \$592,000,000,000.

- (4) the amount of surplus in the budget is as follows:

Fiscal year 1981: \$3,000,000,000.
Fiscal year 1982: \$32,000,000,000.

- (5) the level of the public debt is as follows:

Fiscal year 1981: \$884,900,000,000.
Fiscal year 1982: \$893,300,000,000.

SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980 the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

Mr. GIAIMO (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. ROUSSELOT. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. DERWINSKI. Reserving the right to object, Mr. Chairman, and I will not object, I wonder if the gentleman will answer just one question at the onset of his remarks.

Mr. ROUSSELOT. Well, certainly; I will be glad to.

Mr. DERWINSKI. Mr. Chairman, I will not object. My question is, were those charts the gentleman is about to use printed at Government expense?

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, as a matter of fact, they were. It was Government ink.

Mr. DERWINSKI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from California (Mr. ROUSSELOT) to have an additional 5 minutes?

There was no objection.

Mr. ROUSSELOT. Mr. Chairman, the red ink came from the State Department. We got it at a reduced rate.

Mr. Chairman, this is again another opportunity for the Members of the House to vote for a substitute balanced budget resolution. It is a practical, sensible, achievable way to reverse what many of us consider as a disastrous trend of higher unemployment, rising inflation, oppressive tax burdens and omnipresent big government that we face in the coming year.

Now, this amendment does not drastically cut expenses as some might try to imply but merely restrains increases in various expenditure levels.

As you can see by reviewing the figures I sent to each of the Member's offices today, it really restrains excessive increases in Federal spending. It balances the Federal budget in fiscal year 1980 at the \$518 billion level, as this chart will show. The revenues are \$518 billion. The outlays are \$518 billion. There is no add-on deficit.

Let me review the following figures with you:

Roussetot balanced budget substitute amendment to second concurrent resolution, fiscal year 1980

[Dollars in billions]

	Fiscal year 1980 House Budget Committee	Fiscal year 1979 revised second resolution	Fiscal year 1980 Roussetot substitute	Roussetot increase/(decrease) over prior year
Revenues	\$519.5	\$461.0	\$518.0	\$57.0
Outlays	548.7	494.5	518.0	23.5
Deficit	29.2	33.5	---	(33.5)
Budget authority	632.6	559.2	600.0	40.8
Public debt	886.1	834.2	856.9	22.7

Because there is no add-on deficit, obviously there is immediately one way we can save money, that is in the interest charges for the debt.

Now, this also contemplates a \$36 billion tax cut in personal income tax rates, in depreciation allowances, and restrains the increase in the social security increases that would normally go in place in 1980.

Now, the tax cut, because I realize that we have not enacted it and because I realize that it is my judgment that the President will send up a tax cut in January of 1980, I do not put in place a tax cut until January of 1980, so there are 3 months of the fiscal year in which we would not have a tax cut.

With inflation running at 10 percent and what I consider to be the committee's slow growth or no growth policy in many areas and because it is my understanding that the estimates for tax increases that will occur in 1980 if the House does nothing, that the increases in taxes will be anywhere from \$25 to \$30 billion if we do nothing in 1980; part of this tax cut is to offset that increase, very substantial increase in taxes if the House does nothing.

Because I believe that the fiscal policies outlined in the committee report are designed to give us a very slow economic picture and because they contemplate a high unemployment rate of 7.2 percent, I believe that with the kind of tax cuts that are contemplated in here, there will be less need for substantial expenditures in unemployment compensation, et cetera, because according to the estimates, with the kind of tax cut contemplated in this resolution, unemployment would remain between 5.7 to 5.9 percent in fiscal year 1980, because of the stimulus in the private sector for new jobs, new plants, et cetera, as a result of the Conable-Jones depreciation allowance, et cetera. There would be stimulus for jobs and plants and productivity.

It is my belief that is needed at this time and there would be a much lower unemployment rate than is contemplated if we vote for the Budget Committee's resolution now before us and if we do not vote for the substitute.

I think that would be an unnecessary crimp in the economy. I do not believe

that we have enough stress on productivity, which was one of the major items the other body has debated. Many people in this House of Representatives have stated over and over again that we need to stress productivity. This substitute resolution puts the proper focus on productivity.

□ 2040

With this budget resolution we will be voting for a new productivity stimulus in the economy and less unemployment.

In the Rousselot balanced budget substitute, with reference to the predictions that I have made as I have offered this in the last several years, my predictions relating to the economy have been much better than those in the budget resolution that has come from the committee majority. My economic assumptions have been far better, considering both predictions as they relate to inflation, as they relate to GNP, et cetera.

Therefore, I call the attention of the Members to the reliability of the predictions that have been made in my resolution reports—and they are not just mine alone; they come from the committee report in some regards—and I think it is unfortunate that the majority on the committee has overlooked those more accurate predictions.

For instance, in the first concurrent resolution on the budget the committee made an estimate that inflation would be 7.5 percent; it is now up to 13 percent. My estimate in this resolution for 1980 is at least 10 percent inflation rate. I still think that is too conservative, but it is far better and more on target than what the committee majority and the chairman have recommended. That will mean that the revenues will be much higher than the committee estimates.

I am sure that some will say, "Well, a tax cut will reduce revenues too severely" and they will ask, "How do you get to the \$518 billion in revenues?"

We get to that figure for two reasons. First of all, the reflow from the tax cut will be about as I have estimated, about 40 percent. The tax cut that this House put in place in 1978 and that went into effect in 1979 has been almost 100 percent. Revenues are coming in a full \$20 billion more than what the committee estimated last August.

In previous tax cuts—and there have been some 10 that this House has voted for in the past 15 years—the reflow from tax cuts has been more than 50 percent in most cases.

So what I am saying is that the majority on this committee underestimates the value of a tax cut as it relates to reduced income for the Federal Treasury. It broadens the base, it increases it.

The second factor on which I think the committee has badly underestimated the real world is inflation. In my judgment, inflation will produce far more revenue than the committee has estimated, and, therefore, we show a revenue figure of \$518 billion. That is slightly less than what the committee has recommended, and evidently I take into account far more of what our chairman of the Committee on Ways and Means criticized the committee for in its revenue estimates in a letter addressed to the Budget Committee chairman yesterday. My projections and the projections of those of us who support this Rousselot balanced budget amendment have been far more accurate than those of the committee in the past.

So I would like to state to my colleagues that in many of the cases, as it relates to outlays on the expenditure side, I have taken the committee estimates, but in some cases, for instance, income security, the increase in the committee resolution on income security is about \$26 billion, and the committee jumps it to almost \$190 billion. I feel we do not need that kind of an unnecessary increase.

If the Members will look at the chart that I have given them, they will see that my estimate for income security outlays is \$178 billion, which is, I think, more than adequate to cover the increase in social security benefits and the inflation that occurs in that category. That is far less than the tremendous increase that the committee has recommended and that is wholly unnecessary.

As you can see on this table the Rousselot substitute results in a \$16.951 billion increase in income security over last year's outlay level. This is an 11 percent increase. More than enough to compensate for inflation:

ROUSSELOT BALANCED BUDGET SUBSTITUTE AMENDMENT TO 2D CONCURRENT RESOLUTION—FISCAL YEAR 1980

(In \$ billions)

	(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)
Revenues	\$519.5	\$461.0	\$518.0	\$57	Deficit	\$29.2	\$33.5	.0	(\$33.5)
Budget Authority.....	632.6	559.2	600.0	40.8	Public debt.....	886.1	834.2	\$856.9	22.7
Outlays	548.7	494.5	518.0	23.5					

¹ Fiscal Year 1980—House Budget Committee.

² Fiscal Year 1979—2d Concurrent Resolution (revised).

³ Fiscal Year 1980—Rousselot substitute.

⁴ Rousselot increase-(decrease) over prior year.

ROUSSELOT BALANCED BUDGET SUBSTITUTE AMENDMENT TO 2D. CONCURRENT RESOLUTION—FISCAL YEAR 1980

(In \$ millions)

	(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)
050—National defense:					550—Health:				
Budget authority---	\$138,156	\$127,000	\$138,156	\$11,156	Budget authority---	\$58,767	\$53,000	\$56,801	\$3,801
Outlays-----	128,587	114,400	128,587	14,187	Outlays-----	54,715	49,700	52,734	3,034
150—International affairs:					600—Income security:				
Budget authority---	13,143	11,400	12,647	1,247	Budget authority---	217,658	194,150	212,551	18,401
Outlays-----	8,772	7,500	6,000	(1,500)	Outlays-----	188,795	161,100	178,051	16,951
250—General science, space, and technology:					700—Veterans benefits and services:				
Budget authority---	5,833	5,400	5,498	98	Budget authority---	21,607	20,400	21,607	1,207
Outlays-----	5,662	5,200	5,151	(49)	Outlays-----	20,851	20,200	20,851	651
270—Energy:					750—Administration of justice:				
Budget authority---	36,266	7,600	19,695	12,095	Budget authority---	4,269	4,200	4,269	69
Outlays-----	8,801	7,400	6,500	(900)	Outlays-----	4,468	4,200	4,300	100
300—Natural resources and environment:					800—General government:				
Budget authority---	12,525	12,900	12,500	(400)	Budget authority---	4,484	4,300	4,327	27
Outlays-----	12,026	11,300	11,245	(55)	Outlays-----	4,301	4,200	4,100	(100)
350—Agriculture:					850—General purpose fiscal assistance:				
Budget authority---	4,983	8,300	4,983	(3,317)	Budget authority---	9,076	8,650	6,500	(2,150)
Outlays-----	2,542	6,200	2,542	(3,658)	Outlays-----	9,075	8,750	6,489	(2,261)
370—Commerce and housing credit:					900—Interest:				
Budget authority---	6,778	5,900	6,778	878	Budget authority---	58,038	52,400	53,880	1,480
Outlays-----	2,828	2,900	2,828	(72)	Outlays-----	58,038	52,400	53,880	1,480
400—Transportation:					920—Allowances:				
Budget authority---	19,610	19,100	19,274	174	Budget authority---	482	700	482	218
Outlays-----	18,651	17,000	17,600	600	Outlays-----	453	700	453	(247)
450—Community and regional development:					950—Undistributed off- setting receipts:				
Budget authority---	8,991	9,200	8,120	(1,080)	Budget authority---	-19,600	-18,100	-19,600	(1,500)
Outlays-----	8,289	9,700	7,689	(2,011)	Outlays-----	-19,600	-18,100	-19,600	(1,500)
500—Education, training, employment, and social services:									
Budget authority---	31,491	32,700	31,491	(1,209)					
Outlays-----	31,471	29,700	28,600	(1,100)					

¹ Fiscal Year 1980—House Budget Committee.² Fiscal Year 1979—2d Concurrent Resolution (revised).³ Fiscal Year 1980—Roussetot substitute.⁴ Roussetot increase-(decrease) over prior year.

The CHAIRMAN. The time of the gentleman from California (Mr. Roussetot) has expired.

(By unanimous consent, Mr. Roussetot was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, we have had report after report from the General Accounting Office and from various agencies that the increases projected by the committee in many areas are not needed, and that there are clearly areas for reduction in waste. We do not need an expenditure level that jumps from this year's level for fiscal year 1979, which ends at the end of this month, of \$495 to \$548 billion. That is a wholly unreasonable request.

I have maintained in the field of defense the basic authority and outlays that the committee recommended. We debated all day as to whether we should increase that functional category or not. The House has voted on, and I have stayed with both the committee's and House's position.

Mr. Chairman, this is a rational, practical approach to the budget. It will be a clear signal to the rest of the nation that we are conscious of inflation, that we are

conscious of the fact that our taxes have escalated far too much, that people are being pushed into higher tax brackets, and that we need to take into consideration what that will mean to the average person.

I will now give some examples in these various income categories. If we stay with current law, as this committee recommends, a person earning \$12,000 will have an increase in his taxes automatically of \$132; under our proposal there will be a reduction of \$58. On an income of \$18,800, under the Roussetot resolution there will be a cut of \$111 in taxes, but if we do nothing, the taxes will go up in that bracket \$231.

I say that in all of these brackets we must indicate to the people of this country that in their personal income tax brackets we understand that taxes are automatically going to escalate.

You can see that a tax rate reduction, similar to the one that my good friend from New York, Mr. KEMP has been consistently advocating, and championing, is desperately needed if we are to avoid further erosion in the incentives to work, produce, save, and invest, incentives that make this country tick:

The Roussetot Substitute Amendment will cut taxes in 1980

	Increase/(decrease) in taxes in 1980 ¹	
	Roussetot amendment tax cut	Current law
1979 adjusted gross income:		
\$12,900 -----	(\$58)	\$132
\$18,815 -----	(111)	231
\$21,500 -----	(296)	154
\$32,250 -----	(496)	223

¹ Assuming inflation of 10 percent in 1980.

The CHAIRMAN. The time of the gentleman from California (Mr. Roussetot) has again expired.

(By unanimous consent, Mr. Roussetot was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, I think that this whole issue of the tax cut is equally important to that of restraining expenditure increases because the American people are looking to us for leadership in curbing inflation. This would be our answer: that we must do that and do it in a practical way, since history has proved that whenever we

have given tax cuts there has been a clear reflow of revenues into the Treasury within a year's time. And we have estimated a 40-percent reflow.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, the gentleman's point in general is, of course, well taken, but a lot of the benefit depends on the kind of tax cut.

I want to ask the gentleman, will he recommend a cut in the social security tax both for employers and employees? I ask that because that is not only going to stimulate the economy but fight inflation.

Mr. ROUSSELOT. Yes, I have suggested in the early part of my discussion that the tax cut is made up of a \$36 billion cut which is in three parts. There is an across-the-board cut in personal income taxes; this is the Kemp-Roth approach. Also there is a Conable-Jones business depreciation approach, which is roughly a \$5 billion cut. And there is a rollback of the increases in the social security tax that will automatically occur in 1980 unless we do something. So that tax rollback is included.

Mr. SEIBERLING. Mr. Chairman, I think the gentleman has made an excellent point on that particular feature.

Mr. ROUSSELOT. I do too, Mr. Chairman. And as the gentleman knows, his own Democratic Caucus voted earlier in the year to roll back those future social security increases, and I am sure the gentleman will want to support this.

Mr. BURGNER. Mr. Chairman, I rise in support of the amendment in the nature of a substitute.

Mr. Chairman, let me say to my colleagues that I do support the Rousselot substitute amendment. I regret that the minority amendment offered by the gentleman from Ohio (Mr. Latta) was not adopted. I think it should have been adopted, and apparently 186 other Members agreed it should have been. It was a good economic document.

I think that amendment was reasonable. It provided increases in programs pending of 6.8 percent, but it offered much more restraint than the committee resolution. It provided a \$20 billion tax cut, which is really not a cut but a restraint on the amount of taxes that will be collected next year. It also provided a lower deficit, some \$19.5 billion as opposed to \$28 billion.

□ 2050

But we were 22 votes short.

The minority amendment, I would suggest, was an economic document, and a good one. I submit the Rousselot balanced-budget amendment at this point in our debate is a political document, and a very much needed one. If the Members need any evidence why we need to do something like this, I would point out, as the Members all know, that Government thrives on inflation—that is, until the roof falls in. It thrives on inflation. Citizens and taxpayers die by it.

We are going to spend \$159 million a day for interest. That is far more than we spend for all of the oil we import. Gold has gone through the ceiling, to \$370-\$380 an ounce, which indicates fear of the economic system, lack of confidence. The prime rate is 13 percent, which means a lack of investment and jobs. Inflation is over 13 percent.

Why do I consider this a political document? I do not believe that it will find its way ultimately into law, and I do not think any Member on this floor does, much as we might wish it were so. But I think if we adopt it—and I think we should, although, for the life of me, I cannot find out how anybody who did not vote for the earlier one could possibly rationalize a vote for this—I think it will send a protest to the other body. For those who are not in this Chamber and might be watching, the other body is the U.S. Senate. It will send a message to them which says, "You are too high. You are way too high in expenditures. You are way too high in taxes."

I do not have to justify a vote on every item in this budget, but I do have to justify a vote on the final conference report. That is what I am going to justify my vote on. We are all going to have to vote yea or nay when that final message comes to us from the Senate and the House. That is the one the Members are going to have to justify.

I believe if we adopt this Rousselot substitute, which provides for some rather severe, based on earlier discussions, more severe restraints in spending, and send that to the other body, when it comes back, when the Conference Committee meets, the final result, which is what we are all interested in, and the country is, will be lower spending, lower taxes and lower inflation. I do not think it can be denied.

Mr. COLLINS of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I join in support of this excellent amendment that has been submitted by the gentleman from California (Mr. Rousselot). As I read today's paper from Dallas, we had the Chairman of the SEC down there, Mr. Williams, and he was advising the CPA's of America who do business accounting to keep their records right. He said there is a need to have proper accounting in this country. And I could not help but think that what we really need is for him to advise our Congress about the need to carry forward on the accountability program that has been suggested right here today in Congress.

I am just looking along the row, and I see Members, and it does not matter whether they are from Georgia or Virginia or Arizona, if you all asked the folks back home what is the most important issue back home today, they will tell you it is inflation. Every one of them is going to tell you it is inflation.

What the gentleman from California (Mr. Rousselot) has brought to the floor today is the end to inflation. Fourteen percent inflation we have in this

country today, and all we give the people of America is mumbo-jumbo figures for a budget.

Let me just tell the Members some of our own figures. It is said we have a \$29 billion deficit in the budget. That is what our Congressional Budget Office says. But the way I keep books is based on what is happening to the national debt. The national debt this year is going up \$59 billion. If you were in business and you kept books like we keep them here in Congress, they would send you to Leavenworth.

I want to repeat what we are telling people. We are telling them we have a \$29 billion deficit and, really, we show a \$59 billion increase in the national debt. But that is not half of the story. That is why we need, it is absolutely essential, that we come to what the gentleman from California (Mr. Rousselot) is recommending tonight.

We have outstanding obligations and liabilities. I hope the Members have made a study of an excellent report that was made 2 years ago by the outstanding accounting firm, Arthur Andersen. Two years ago the Arthur Andersen firm prepared a statement on the consolidated financial statement of the U.S. Government. They found that Congress did not tell it all in our financial budget statement. They showed that there were \$1.3 trillion of outstanding liabilities that were not on the balance sheet. This emphasized, why do we have inflation? It is because Congress is not balancing the budget.

Here is just a quick rundown of outstanding U.S. liabilities.

Accounts payable, \$55 billion; unearned revenue, \$10 billion; military pension deficiency, \$129 billion; civil service pension deficiency, \$155 billion; social security deficiency, \$80 billion; veterans' pension deficiency, \$117 billion; Federal employees deferred comp cases, \$7 billion; other liabilities, \$45 billion. This totals \$1,321 billion. Other contingent liabilities are insurance in force guarantees.

Other contingent liabilities

[In billions]

Insurance in force.....	\$1,729
Guarantees on loans.....	213
Unadjusted claims.....	11
International contingencies.....	11
Veterans readjustment benefits.....	20

1,984

Source: Consolidated Financial Statements of the U.S. Government 1977. Prepared by Arthur Andersen & Co.

That is just part of the Federal debt responsibility. This totals up to \$1.3 billion but there is more. We also have contingent liabilities of nearly \$2 trillion. This was where the United States stood 2 years ago, and the figures are higher today.

What we are discussing here today is most important, and we will soon provide our House an opportunity to show courage and intellectual accountability in voting for a balanced budget. Today the gentleman from California (Mr. Rousselot) is giving us a chance to stand up for America. It is a year away from elec-

tion time, but the Members can now tell the people back home that you believe in and vote for a balanced budget. And the best way to achieve this is through a tax incentive reduction plus a hard line right down the line on unneeded expenditures.

The American people have more courage than we sometimes show up here in Washington. Folks are willing to tighten their belts. The folks back home want a balanced budget, because they want to stop inflation. Inflation begins right here in Congress with deficit financing.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

Mr. Chairman, the fact that he brought up also the fact that several accounting firms have analyzed our budget, we not only have our potential appropriation levels for each year, but we carry over unexpended balances that are extremely large. Yet we come back here each year and ask for huge increases in areas like foreign aid, when we have \$12 billion in unexpended balances there.

So if the Members feel that somehow they are going to be starving one of these functional categories, that just is not true, because if we were to shut off every single major area, there are unexpended balances in many of those functional categories that would be able to allow us to carry on very comfortably for some time. So the gentleman's point about accurate accountability—and the General Accounting Office is beginning to do more of that for us—shows up all the time.

Mr. COLLINS of Texas. Mr. Chairman, I want to say in closing that 14 percent inflation can be ended right here tonight when we get a chance to vote on the Rousselot amendment. Let us vote for a balanced budget and let us end American inflation right now.

The CHAIRMAN. The time of the gentleman from Texas (Mr. COLLINS) has expired.

(On request of Mr. MITCHELL of Maryland and by unanimous consent, Mr. COLLINS of Texas was allowed to proceed for 1 additional minute.)

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding.

Mr. Chairman, I would just like to address one question to the gentleman from California (Mr. ROUSSELOT).

I am concerned about reduction in outlays.

Would that reduce the military budget?

Mr. ROUSSELOT. If the gentleman will yield, I took the committee's figure because we had several votes on that today, a couple to increase it, and I felt that the committee's figure was a reasonable one.

Mr. MITCHELL of Maryland. Then it does not further reduce the military budget?

Mr. ROUSSELOT. It does nothing to the authorization of the outlays. It keeps

it just as the committee has voted. The reason I left it there is because the whole House has voted several times on the defense budget today. I thought there were clear votes on it.

Mr. MITCHELL of Maryland. As long as the military budget is protected, I am satisfied.

Mr. ROUSSELOT. I am glad the gentleman is happy about it.

Mr. DANNEMEYER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, as a new Member this year, I have talked with many in this House on occasion about what the basic cause of inflation is. I stand here this evening in a state of amazement because, for the life of me, I have come to the conclusion that Members of this House are uncertain in their minds as to what the basic cause of inflation is. Our Speaker says it is all those businesses out there raising their prices. Other folks say it is because of the OPEC nations of the world charging so much for their oil.

But let us not kid ourselves. The basic cause of inflation is the fiscal irresponsibility of the U.S. Congress. Right here. You can chart it. In 1967-68 we had a \$33 billion deficit. In 1969-70 we had inflation and almost a doubling of unemployment. In 1971-72 we had a \$46 billion deficit. In 1973-74 we had a 12.2-percent inflation rate, and a 9.2-percent unemployment rate. In 1975-79 we have had a \$240 billion cumulative deficit, and today we have a 14-percent inflation rate.

This body tried to do something about it.

□ 2100

Back in 1974, it adopted a Budget Act. And we also adopted rule 11, 2, 1, and 4, which says we must develop an inflationary impact for every spending program we adopt.

What have we done this year? This year, this Congress has adopted 71 authorization measures totaling \$63.4 billion, 10 appropriation measures so far this year, totaling \$210.7 billion.

In one of those 81 measures, there was an admission that there may be an inflationary impact. That was the Panama Canal Treaty implementation. In three of them, the statement was made there was a minimum inflationary impact. One said it was strictly local. Three said it was neither positive nor beneficial; and in the entire balance, the statement said there was no inflationary impact from all this spending.

Well, we cannot do it by our rules. We are not following them. But there is one way we can do it, and that is by demonstrating the courage that I have heard so often on this floor: We can balance the budget some day.

We can do it tonight. We can adopt this resolution. It is a responsible resolution. It puts the outgo with the income. It stops the inflation.

The deficit spending is what causes the inflation, because the Federal Reserve Board has to expand the money supply to finance the deficit, and this institution is the cause of it; and we can stop it by adopting this balanced budget resolution.

I yield back the balance of my time.

Mr. OBEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in light of some of the nonsense I have heard on the floor in the last 10 minutes about where inflation comes from, I would like to draw the attention of the Members to a few facts. If you look at the budget, and if you look at our inflation problems in this country, you will see undoubtedly that in times of tight money markets, Government deficits do contribute to inflation.

More importantly, often regardless of the condition of the money market, deficit budgets contribute to the psychology of inflation. There is no question about that. But the fact is that most of the inflation that we have had in our economy for the last year has come from four principal areas: Energy, housing, food, and health care.

Now, I doubt seriously that the OPEC nations sat around a table and said, "Well, boys, the United States has an unbalanced budget. So, let's raise oil prices." That is not why they raised oil prices. They raised oil prices simply because they thought they could get away with it, and they have.

Food costs: The largest portion of the increase in food costs up until a few months ago, was the fact that we made some stupid decisions on beef herds 4 and 5 years ago. We had price controls across the board. That prevented beef farmers from getting what they deserved from their product, what they needed in order to stay in business. So they got out. They cut the size of their herds, and unless somebody has a magic way of transforming the laws of biology to create new cows in half the time nature creates them in now, nothing is going to correct that problem but time, much as we do not like it.

We know what the problems are in housing. We know, I submit to my colleagues, that if we wanted to do something real, as opposed to something phony, if we wanted to do something real in the health care area, we would pass some kind of hospital cost containment. That is the single most effective thing you can do to really control health care costs.

Now, this House had a chance to vote for a balanced budget amendment on the first budget resolution earlier this year. The difference between that cut, between that balanced budget amendment and this one, is that that amendment, which I offered at the time, that amendment laid out in detail exactly what the program-by-program consequences of that balanced budget would be in this fiscal year.

That, I submit to the Members, was the only honest balanced budget amendment offered to this House in the last 2 years. Not a single Member on that side of the aisle voted for it, because, in my judgment, there is more interest in the political system in this country in talking about balanced budgets than to really vote for a balanced budget, if you know what the specific impact is.

My colleagues know that the Draconian measures which would be required

if this amendment passed would not be supported by a third of our constituents if they understood what the exact impact would be on specific programs.

If my colleagues want to make this kind of a cut, then go ahead, but I do not think we are going to fool the public.

I would urge the Members of this House who want to address budgeting in a responsible way to require that if there is going to be a balanced amendment offered, that it does spell out on a specific program-by-program basis where those cuts are going to come. If the amendment does not do that, then dismiss it for what it is, a nonserious attempt to make some brownie points without really doing anything about inflation.

Mr. LATTA. Mr. Chairman, I move to strike the last word.

I may be entirely mistaken, but I have a pretty good memory, and the gentleman from Wisconsin mentioned his balanced budget proposal that he made earlier this year.

If my memory does not mistake me right now, he voted against that.

I will be glad to yield to the gentleman if he would like to state otherwise.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding.

The gentleman is absolutely correct. When any responsible legislator sees the effect of a true balanced budget amendment in this situation he would not vote for it.

Mr. LATTA. The gentleman had indicated previously that that was the kind of a balanced budget resolution we should have adopted, yet he did not vote for his own resolution.

Mr. OBEY. If the gentleman would continue to yield, that is not what I said. What I said is that is the only honest kind of balanced budget which has been presented on this House floor in 2 years.

This is a phony, and the gentleman knows it.

Mr. LATTA. The question is, if it was the only honest balanced budget presented, why did not the gentleman vote for his own resolution?

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the gentleman's amendment. That may surprise him. That may surprise some other Members of this body. The record does not show it up to this point, but it ought to; that as the gentleman took the well of the House, there was thunderous applause from both sides of the aisle. It certainly demonstrates the affection and high regard we all have for JOHN ROUSSELOT. He is no Johnny-come-lately as an advocate of a balanced budget.

That is the amendment that he has authored from the very first day he came to the Congress. We have all observed him through the years offering and supporting amendments to cut Federal spending. He has never been afraid to stand up and be counted on the really tough votes. We admire him for his

courage and willingness to stand alone if need be to prove his point.

He comes to this well with a good conscience in offering this kind of amendment.

I want to take this opportunity to commend the committee for including section 5, appearing on page 6, of the resolution. This section has to do with the review of entitlement programs.

□ 2110

It was also incorporated in the Republican substitute.

Might I inquire of the gentleman from California if that section 5 is included in his substitute.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman. Mr. ROUSSELOT. If it is not, I will accept it.

Mr. MICHEL. I was sure he would because it is a good provision that was incorporated as an amendment offered by the gentleman from Ohio (Mr. REGULA). The amendment was adopted unanimously in the committee.

Earlier in the afternoon I think it was the gentleman from California (Mr. PARNETTA) was speaking at some length in a very impassioned way with the subject of entitlement programs, and he was hitting the mark right on target. It is a very agonizing thing to get this job done and I would like to tell you briefly how we made one little start toward correcting this trend toward more entitlement programs.

You recall earlier in this year when we were discussing the first budget resolution and Members were talking about all the entitlement programs, "75 percent of the budget is uncontrollable," they were saying, "we cannot do anything about it," and 75 percent of those uncontrollable are entitlement programs. After listening to all that rhetoric, I vowed that when the very first new entitlement program comes down the pike I am going to see if we cannot make one little niche in it. It was unfortunately not too good a program to begin with, because it was a child welfare program, one which I supported in substance. But it was an entitlement program and I do feel that several members of the Ways and Means Committee, in reporting it out, were snookered before they realized that it was another entitlement program, \$200 million as I recall.

But we made our case here. There was a unanimous vote on our side in support of my amendment to subject the legislation to amend review. Some good, discerning, thoughtful folks on the gentleman's side supported it too and we carried the day by four votes. It was a beginning, but it first took testimony before the Rules Committee to get us the opportunity to offer the amendment and make our case here on the floor. We made one little move in the right direction out of all of that myriad of entitlement programs, \$200 million.

What I am suggesting here, and I think it was prompted by my good friend from Texas, who in his impassioned plea—and he comes to this well in good

conscience for the kind of voting record he has—he said "if you believe in a balanced budget then you ought to vote for it." Well, I would take issue with that statement. You have got to do more than believe in it; you have got to vote right on a day-to-day basis that will give you a balanced budget in the end. Otherwise, you do not vote for this Rousselot amendment in good conscience.

So I say to my colleagues that I am going to vote for the gentleman's amendment. I think I have the record to back it up. There are some other Members in this House who can do likewise. There are some who frankly do not have the kind of voting record on a daily basis to support this amendment with a clear conscience.

I applaud the gentleman for the initiative he has sponsored from the very first day he came to this Congress. If we all were willing to bite the bullet as he has done over the period of years he has been here, we would not have to be faced with this kind of vote on this resolution tonight.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield briefly?

Mr. MICHEL. I yield to the gentleman.

Mr. ROUSSELOT. Section 5 is definitely in my amendment.

Mr. MICHEL. I applaud the gentleman and he shows good sense in including that.

Mr. ROUSSELOT. And the gentleman is correct that we need to look at the authorization procedure as well as the appropriations procedure.

Mr. PASHAYAN. Mr. Chairman, I move to strike the last word and I rise in support of the amendment.

Mr. Chairman, when there is too much of something, it loses its value. Diamonds are expensive because they are scarce. Chewing gum is cheap because there is plenty of it.

There are too many dollars. This Congress is producing too many dollars and they are becoming cheap and inexpensive.

Today the price of gold jumped to an all-time high of \$376.50 per ounce. Mr. Chairman, that is another way of saying that the dollar has gone down in value, perhaps to the lowest point in history, at least the lowest in this century.

On the other hand, this country has engaged in another policy, and that is a policy of raising interest rates. That policy is an attempt to keep dollars off the marketplace. The American people, therefore, are trapped in a vicious irony.

I look to my colleagues who are the most concerned about the people in this country on fixed incomes, who are the most concerned about the poor among us, and surely they must recall that it is the lame and poor who are hurt most by this vicious irony: That on the one hand there are too many dollars, nobody has enough of them; but on the other hand, rising interest rates make it harder and harder for people to borrow and get their hands on those dollars. This is a massive

inconsistent policy that this country is putting the American people in. That is why I rise in support of this amendment.

The single thing this Congress can do best to end inflation is to stop the production of false dollars that have no relation to the goods and services made in this country, and that is what the gentleman from California is attempting to do in this amendment. I applaud his efforts.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I am happy to yield to the gentleman.

Mr. GIAIMO. Mr. Chairman, I wonder if we could get some idea of how many Members want to speak here. I do not want to cut off debate, but the hour is getting late. We are all familiar with this amendment, and I ask unanimous consent that all debate on this amendment end in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

Mr. KEMP. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The gentleman from California (Mr. LUNGREN) is recognized for 5 minutes.

Mr. LUNGREN. Mr. Chairman, I realize the hour is late and some of us are tired, but I also think this is an extremely important matter for us to discuss.

Over 30 States of the Union have suggested that we ought to have a balanced budget. We are in a situation now where if several others adopt that resolution, we will be confronted with a constitutional question, some call it a constitutional crisis, and that is a constitutional convention.

I think it behooves us a great deal to consider this matter and to put whatever attention and time that is necessary into this matter before us.

I would like to just talk about some of the myths that have developed around this type of issue in the past. We hear, for instance, that inflation is not caused by the Government; it is caused by high prices, high prices in oil, high prices in the medical field, high prices in other areas.

I thought I would just commend to the attention of the Members some statistics in one area, and that is of oil. Japan, which is 90 percent dependent on foreign oil, that is, OPEC nation oil, has an inflation rate of 4.3 percent this year and an unemployment rate of 2 percent.

West Germany, which is 70 percent dependent on OPEC oil—oil from foreign countries, that high-priced oil that supposedly is causing inflation in the United States—has inflation rate of 4.9 percent and an unemployment rate of 3.4 percent.

So maybe those words that we are having inflation caused by outside sources do not have the validity that is sometimes suggested. The fact of the matter is, as was suggested by the previous gentleman, the more we have of a product the less value we place on that product. We have too many dollars chasing the same number of goods and services.

Now, that may be a simple economic statement, but it is a statement that evidently fails to register on the minds collectively of this Congress, because we fail to do anything about it. The reason why we attempt to throw more dollars after those goods and services year after year is that we try and cover our debts year after year after year. We have attempted to monetize our deficits.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I am happy to yield to the gentleman.

Mr. KEMP. Mr. Chairman, the gentleman's statement about the price of energy being a product of the monetary policy of the United States is absolutely correct. The price for energy today in the United States in the last 2 years, on gasoline, has gone up 60 percent, home heating oil about 130 percent.

The most stable currency in the world is the Swiss franc. In the last 2 years, the Swiss franc being stable and hard, the price of home heating oil has gone up 30 percent and the price of gasoline 4 percent.

The gentleman is correct. The price of gold today, \$390 an ounce, is a reflection of the lack of confidence that the world has in the monetary policy of the United States.

□ 2120

Now, what happens when the Government devalues the currency of the United States and pays for oil with devalued currency? Oil countries raise the price. Ladies and gentlemen, everybody changes their transactions to make up for the decline in the value of their currency, and a union in New York, a municipal union, is bargaining with a municipality in New York asking for something of value. They do not want to be paid in paper anymore. They want to be paid in gold, because they know that ultimately the only thing of value in the society is gold if the Government continues to devalue the dollar.

Mr. LUNGREN. We have even talked about bartering of wheat for oil because it would be an easier exchange than going through currency. Every economist I have heard comment on the tremendous increase in the price of gold in the last few days has talked about the lack of confidence in the Government of the United States, the lack of confidence they have that we will ever get inflation under control; the lack of confidence that we will ever stop deficit spending when we continue to have deficit after deficit annually.

The practice of continued deficits is a signal to business that we are going to have to cover this debt with some sort of taxation or devaluing of the dollar, and it has a direct impact on the raising of prices. Now, because of economic circumstances, we in the Federal Government have said time and time again, "Let us take care of unemployment in this country by more government service."

In California, maybe accidentally, we had something happen this year. In the year of proposition 13 we had the greatest increase in jobs in our State of any year in 21 years, and at the same time the greatest decrease in the unemploy-

ment rate of any year in 9. For the first time in 9 years, California has an unemployment rate below that of the Nation.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LUNGREN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. CHARLES H. WILSON of California. Mr. Chairman, reserving the right to object, I have one or two questions I want to ask because of the inconsistency in the statements of the gentleman and my good friend and colleague, the other gentleman from California (Mr. PASHAYAN), but I wonder, why do we not let Mr. GIAIMO take 5 minutes and knock down the gentleman's arguments?

The CHAIRMAN. Does the gentleman object?

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am reserving the right to object, and I am not being facetious or anything. I am serious about this. I think that Mr. GIAIMO is prepared to respond to all questions. If you want to keep going, I have got a couple of questions, but I will withdraw my reservation and hopefully we can resolve this thing.

Mr. PASHAYAN. Mr. Chairman, I am aware of the purpose of the gentleman's question, but I would be happy to receive it.

Mr. CHARLES H. WILSON of California. Does the gentleman ask me to yield?

Mr. PASHAYAN. No; I would be glad to receive the gentleman's questions.

Mr. CHARLES H. WILSON of California. I still have a reservation, yes. My reservation is based upon the fact that I think you and my other very good friend from California—we are all from California—made two different arguments. You said that, if I understand properly, that it was not OPEC, it was not anything that caused inflation. It was the Congress that caused inflation.

Mr. PASHAYAN. May I clarify?

Mr. CHARLES H. WILSON of California. My neighboring colleague here from Long Beach—

The CHAIRMAN. Does the gentleman object?

Mr. CHARLES H. WILSON of California. No; I am not going to object, but why do we not let Mr. GIAIMO take 5 minutes?

Mr. PASHAYAN. May I respond to the question?

The CHAIRMAN. Is there objection to the request of the gentleman from California (Mr. LUNGREN) to proceed for 2 additional minutes?

There was no objection.

Mr. LUNGREN. The only point I wanted to conclude with is this: In California, year after year we have been battling with the tremendous problem of unemployment and trying to determine how to get it below the national level. We have had program after program on the State level. We participated in the Federal programs. And lo and behold, by having a massive tax cut—although it was not the most even tax cut we could

have—we generated more jobs in the private economy than we ever had before.

My point is, at least that gave us a direction which we ought to follow. I think it is a legitimate area of inquiry.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to my colleague from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding. I wonder if he could tell me how much the Swiss Government spends on its defense budget for armaments? Either you or the gentleman from upstate New York, who uses the Swiss budget as the benchmark—how much do they spend? I am asking the gentleman from Long Beach.

Mr. KEMP. If the gentleman will yield, the point I was making—

Mr. JOHN L. BURTON. The point I was asking the gentleman.

Mr. KEMP. Do I have the time?

The CHAIRMAN. The gentleman in the well, the gentleman from California, has the time.

Mr. LUNGREN. I will yield to the gentleman to respond to the question.

Mr. JOHN L. BURTON. Respond to the question.

Mr. KEMP. Can we have order? If the gentleman from California could stop talking long enough to get an answer to his question—

Mr. JOHN L. BURTON. A point of personal privilege, Mr. Chairman.

The CHAIRMAN. The Committee will be in order.

Mr. JOHN L. BURTON. Low blow.

Mr. KEMP. Will the gentleman yield?

Mr. JOHN L. BURTON. Will he answer the question if the gentleman will yield?

Mr. LUNGREN. I will be happy to yield to the gentleman from New York.

Mr. KEMP. The point I was making was that the Swiss franc is a hard currency. It is backed by a high level of production and a very sound monetary policy. It does not depend upon government spending or political spending or defense spending or anything else. The Government of Switzerland has guaranteed to the people of Switzerland that it will defend the value of the currency.

The point I was making and that is being made by the gentleman in the well is that government is the only unit on Earth that can devalue currency. Business cannot devalue currency; oil prices cannot devalue currency; the consumer cannot devalue currency. Only governments can do it.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the requisite number of words.

The answer to the question is, the Swiss Government spends little, if anything, on its national defense, and that was the question, compared to the amount of money that—well, we do not have it on this chart—that we spend on national defense. So, I think you are comparing apples to tangerines when you talk about the Swiss franc versus the American dollar.

While they defend the franc, we defend the free world, and as much as I grieve me and as much as I would love

to, because before many of the newer Members were even in public office I have supported my good friend on his balanced budget, I will not vote against it because I do not want anyone to be misled that I oppose the concept of the balanced budget, but unfortunately when you start talking about tax cuts and tax cuts on present revenues, and therefore we will have a balanced budget, I think that might not work. I would be the last of those that would want to tell people that I voted for something if it was going to bring good if it would bring that, so I will be constrained to vote present on this resolution because it does not, as my good friend from California's amendment would have on the last budget, go across the board. It whacks everything out of everything except the defense budget, and I do not think that is fair. If we have all got to bite the bullet, those who shoot the bullets and make the bullets should bite the bullets as well as everyone else.

Mr. PASHAYAN. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I will be happy to yield.

Mr. PASHAYAN. Mine included defense.

Mr. JOHN L. BURTON. Yes, I said that, across the board, 5 percent.

□ 2130

I will be happy to yield, as long as the gentleman from New York, who is in glazed silence at me—and I am talking about the gentleman from New York (Mr. SOLARZ)—is in agreement that the Swiss Government does not have defense.

I yield to my friend, the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. I thank the gentleman for yielding. I have listened to the gentleman's discourse many times on this amendment and again tonight, and his announced intention tonight, as I understand it, is that he will vote "present."

Mr. JOHN L. BURTON. The same as the gentleman from California did on my amendment to balance the budget the last time and I did on his amendment to balance the budget the last time.

Mr. BAUMAN. My only point is having heard the gentleman speak tonight, is he sure he is present?

Mr. JOHN L. BURTON. He is absolutely present, I am sure. There is something to be said for television reruns. We could rerun the debate on the budget. But I just want to point out that when we talk about the Swiss franc and we look at what they spend versus what we spend, I do not think it is fair—and I know I am present here or I would not be here; I would be somewhere else.

In closing I would say that the concept of the balanced budget is a great one as put forth by the Governor of the sovereign State of California, but if we are going to do it, I think it should be done across the board without fiscal gimmickry, although my good friend, the gentleman from California (Mr. ROUSSELOT) believes that his figures will come out in balance. I am not sure, and for that reason I am constrained to vote "present" because I am not against the concept of the balanced budget, but I am

not sure this would bring a balanced budget. Again I would like to understate that the Swiss may defend the Swiss franc, but it is this country with our big defense budget that defends the free world, and we cannot have them both at the same time.

Mr. GIAIMO. Mr. Chairman, I move to strike the requisite number of words. I think we are all familiar with this amendment. It would cut about \$30 billion in spending. I think it would be most unrealistic. I urge defeat of the amendment.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 181, noes 224, answered "present" 2, not voting 27, as follows:

[Roll No. 487]

AYES—181

Abdnor	Fowler	Mottl
Ambro	Gaydos	Murphy, Pa.
Anderson, Calif.	Gingrich	Myers, Ind.
Andrews, N. Dak.	Ginn	Neal
Applegate	Goldwater	Nichols
Archer	Goodling	O'Brien
Ashbrook	Gramm	Pashayan
Atkinson	Grassley	Paul
Bafalis	Grisham	Petri
Barnard	Guyer	Quillen
Bauman	Hagedorn	Rallsback
Beard, Tenn.	Hall, Tex.	Reguia
Bennett	Hammer-	Rhodes
Bethune	schmidt	Ritter
Broomfield	Hansen	Roberts
Brown, Ohio	Harsha	Robinson
Broyhill	Hightower	Roth
Buchanan	Hillis	Roussellot
Burgener	Hinson	Royer
Byron	Holt	Rudd
Campbell	Hopkins	Runnels
Carney	Hubbard	Santini
Chappell	Huckaby	Satterfield
Cheney	Hyde	Sawyer
Claussen	Ichord	Schulze
Cleveland	Jacobs	Sebellus
Clinger	Jeffries	Senenbrenner
Coleman	Jenkins	Shelby
Collins, Tex.	Kelly	Shumway
Corcoran	Kemp	Shuster
Coughlin	Kindness	Smith, Nebr.
Courter	Kramer	Snowe
Crane, Daniel	Lagomarsino	Snyder
Crane, Philip	Latta	Solomon
Daniel, Dan	Leach, Iowa	Spence
Daniel, R. W.	Leach, La.	Stangeland
Dannemeyer	Leath, Tex.	Stanton
Daschle	Lee	Stockman
Davis, Mich.	Lent	Stump
de la Garza	Levitas	Symms
Deckard	Lewis	Tauke
Derwinski	Livingston	Taylor
Devine	Lloyd	Thomas
Dickinson	Loeffler	Trible
Dornan	Lott	Vander Jagt
Duncan, Tenn.	Lujan	Volkmer
Edwards, Ala.	Lungren	Walker
Edwards, Okla.	McClory	Wampler
Emery	McDonald	Watkins
English	Madigan	Weaver
Erdahl	Matlenec	White
Evans, Del.	Marriott	Whitehurst
Evans, Ga.	Martin	Whittaker
Evans, Ind.	Mathis	Williams, Ohio
Findley	Mattox	Wilson, Bob
Fish	Michel	Wilson, Tex.
Fithian	Miller, Ohio	Wyatt
Flippo	Mitchell, N.Y.	Wylder
Forsythe	Montgomery	Wylie
Fountain	Moore	Yatron
	Moorhead, Calif.	Young, Fla.

NOES—224

Adiabbo	Fuqua	Murphy, N.Y.
Akaka	Garcia	Murtha
Albosta	Gephardt	Myers, Pa.
Alexander	Gialmo	Natcher
Andrews, N.C.	Gibbons	Nedzi
Annunzio	Glickman	Nelson
Anthony	Gonzalez	Nolan
Ashley	Gore	Nowak
AuCoin	Gradison	Oakar
Bailey	Gray	Oberstar
Baldus	Green	Obey
Barnes	Guarini	Ottinger
Bedell	Gudger	Panetta
Bellenson	Hall, Ohio	Patten
Benjamin	Hamilton	Patterson
Bereuter	Hanley	Pease
Bevill	Harkin	Pepper
Blaggi	Harris	Perkins
Blanchard	Hawkins	Peyser
Boggs	Heckler	Preyer
Boland	Hefner	Price
Bolling	Heftel	Pritchard
Boner	Holland	Rahall
Bonior	Hollenbeck	Rangel
Bonker	Holtzman	Ratchford
Bouquard	Horton	Reuss
Brademas	Howard	Richmond
Breaux	Hughes	Rinaldo
Brodhead	Hutto	Rodino
Brooks	Ireland	Roe
Brown, Calif.	Jeffords	Rose
Burlison	Jenrette	Rostenkowski
Burton, Phillip	Johnson, Calif.	Russo
Carr	Johnson, Colo.	Sabo
Cavanaugh	Jones, N.C.	Scheuer
Chisholm	Jones, Okla.	Seiberling
Clay	Jones, Tenn.	Shannon
Coelho	Kastenmeier	Sharp
Collins, Ill.	Kazen	Skelton
Conable	Kildee	Slack
Conte	Kogovsek	Smith, Iowa
Conyers	Kostmayer	Solarz
Cotter	LaFalce	Spellman
D'Amours	Lederer	St Germain
Danielson	Lehman	Stack
Davis, S.C.	Leland	Staggers
Dellums	Long, La.	Stark
Derrick	Long, Md.	Stewart
Dicks	Lowry	Stokes
Diggs	Luken	Stratton
Dingell	Lundine	Studds
Dixon	McCormack	Swift
Dodd	McDade	Synar
Donnelly	McEwen	Thompson
Dougherty	McHugh	Traxler
Downey	McKay	Udall
Drinan	McKinney	Ullman
Early	Maguire	Van Deerlin
Eckhardt	Markley	Vanik
Edgar	Marks	Vento
Edwards, Calif.	Matsui	Walgren
Erlenborn	Mavroules	Waxman
Ertel	Mazzoli	Weiss
Fary	Mica	Whitley
Fascell	Mikulski	Whitten
Fazio	Miller, Calif.	Williams, Mont.
Fenwick	Mineta	Wilson, C. H.
Ferraro	Minish	Wirth
Fisher	Mitchell, Md.	Wolpe
Florio	Moakley	Wright
Foley	Moffett	Yates
Ford, Mich.	Mollohan	Young, Mo.
Ford, Tenn.	Moorhead, Pa.	Zablocki
Frenzel	Murphy, Ill.	Zeferetti
Frost		

ANSWERED "PRESENT"—2

Burton, John Schroeder

NOT VOTING—27

Anderson, Ill.	Corman	Rcsenthal
Aspin	Duncan, Oreg.	Roybal
Badham	Flood	Simon
Beard, R.I.	Hance	Steed
Bingham	McCloskey	Stenholm
Bowen	Mikva	Treen
Brinkley	Pickle	Winn
Butler	Pursell	Wolff
Carter	Quayle	Young, Alaska

□ 2140

Mr. GINN changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2150

AMENDMENT OFFERED BY MR. REGULA

Mr. REGULA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REGULA: In the matter relating to the appropriate level of total new budget authority decrease the amount by \$2 billion;

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by \$2 billion.

Sec. 6. Pursuant to section 310(a) of the Congressional Budget Act of 1974, the Committees on appropriations shall reduce budget authority in reported or enacted laws, bills, and resolutions within their jurisdiction by \$2 billion together with estimated outlays of \$0 for fiscal year 1980 and are instructed to submit promptly in accordance with section 310(c) of such Act reconciliation legislation recommending changes which total amounts in new budget authority, budget authority initially provided for prior for fiscal years, and new spending authority, if any, described in section 401 (c) (2) (C) which is to become effective for fiscal year 1980 as contained in reported or enacted laws, bills, and resolutions within the jurisdiction of those committees.

Mr. GIAIMO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. Yes, I yield to the chairman.

Mr. GIAIMO. Mr. Chairman, I take this time to advise Members that I believe this is the last amendment. If the Members will bear with us, I think we can complete action here expeditiously.

Mr. REGULA. Mr. Chairman, I want to say at the outset that I do not intend to ask for a recorded vote. The objective of this amendment is to effect what is in the Budget Act. If you could look at the Budget Act in section 310, subsection (c), there is a provision for a reconciliation process.

Now, in a nutshell what that involves is this, that if we are to have a Budget Act, if we are to in effect put fiscal discipline on the economic activities of this body, we have to reconcile the budget figures with those that come out of the committees in the form of entitlements, in the form of appropriations. With bipartisan support in the Budget Committee, we added section 5 and it is now in the act. Section 5 requires that each standing committee of the House having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs, and so on.

I might add at this time, I want to pay particular commendation to my colleague on the Budget Committee, the gentleman from California (Mr. PANETTA). As chairman of the task force on legislative savings, they did yeoman service and they did point out a number of places where we could achieve legislative savings. We had the support of this task force in the Budget Committee to include section 5. I think as a logical followup to section 5 we need to include

the amendment I am proposing to section 6, which simply will require pursuant to the law that is now in effect as a result of the Budget Act that we do reconcile the budget figures with the appropriate figures. Recognizing that time is late in terms of the process of appropriations, I have not attempted to include outlays. In section 6 requiring reconciliation, we only include budget authority. This will allow the Appropriations Committee adequate time to reconcile whatever budget authority totals are included in all of their enactments with the budget authority that has been enacted in the budget resolution.

I can sum it up simply in two words. It will require fiscal discipline on the part of this body.

Let me just add one thing and I will finish with this. Unless we do achieve fiscal discipline, unless we do this reconciliation process as required by the Budget Act, we are going to be faced with a constitutional amendment requiring a balanced budget. That is the alternative, in my judgment, and many of us have been saying that let us leave this kind of responsibility with the elected representatives of the people. I agree with that, but if we are going to accomplish that goal, we must of necessity follow the reconciliation process that was adopted in the original Budget Act.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment. I do not think that reconciliation is called for on the appropriation bills.

Let me review how we stand at this point in action taken on appropriation bills as compared with the President's budget and with the first budget resolution adopted in May. I made reference to this earlier.

With respect to the President's budget and counting all the fiscal 1980 appropriation bills in their most recent stage of the legislative process, we are about \$7.7 billion under the budget requests of the President. That includes the \$1.5 billion congressional initiative on a synthetic fuels program contained in the Interior bill for which a budget estimate has not been submitted. Without the synthetic fuels initiative we would be about \$9.2 billion under the President's budget. This is in terms of new obligatory authority, not outlays.

Also during this session we made reductions in the supplemental appropriation bill for 1979 of some \$3.1 billion as compared with the President's requests. This is in addition to the reductions in the 1980 bills I just mentioned. We also passed a rescission bill totaling some \$700 million.

With respect to the first concurrent resolution on the budget, I am advised that our best calculations are that we are some \$370 million under the target in terms of budget authority. Again this includes the \$1.5 billion for the synthetic fuels program. Otherwise we would be approaching \$2 billion under the target. In terms of outlays we estimate we are

about on target. But I caution that outlay estimates vascilate violently in both directions and are not subject to control. This is because outlay estimates are just not reliable for the purposes of budget control and because so much of the budget is uncontrollable. As I have pointed out to this House before, a study I initiated last year revealed that programs representing 58 percent of the budget include built-in escalator provisions which automatically drive up expenditures with inflation.

But on balance, Mr. Speaker, and considering all the circumstances, I believe we have done a good job in holding the line in the appropriation bills and making reductions where they could reasonably be made. Therefore I submit the problem is not on the appropriation bills and I urge defeat of the amendment.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to my colleague.

Mr. REGULA. Mr. Chairman, I recognize the time problem. This is why I limited the reconciliation process for fiscal year 1980 to the budget authority only, because that would be the type of thing we would have time for, whereas outlays are going to start going out after October 1. It would be much more difficult to deal with them then, but I do think the Budget Act requires it. We have historically ignored the reconciliation process and we must start somewhere.

Mr. WHITTEN. Mr. Chairman, may I say in response to the gentleman's statement, despite the fact that they have done an excellent job of trying to keep within some degree of reason, the Budget Committee itself was weeks late in ever getting the target set. It is way behind in giving us time to carry on from this point, which is representative of the work that is involved in trying to do your job on that committee and us on the Appropriations Committee.

So, while the intention is good, the possibility of doing it is impossible.

□ 2200

Mr. GIAIMO. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I realize the hour is late, but I would ask my colleagues to bear with me on this point because I think it is important that they understand something about this reconciliation problem which affects us in this budget resolution because of the fact that the other body voted some sort of reconciliation act. So I would like to point out something a little later on legislative savings.

The House Budget Committee chose not to include reconciliation language in the second budget resolution.

The House committees in almost all instances met the targets set in the first budget resolution. The chairman of the Senate Budget Committee has indicated that the Senate committees in many cases breached the first resolution targets. Since the House committees have done what was expected of them by this body in the first resolution, the House Budget Committee did not deem it appropriate to hold them responsible for

increases in outlays due to changes in the economy and unexpected new national needs.

Legislative savings are unfortunately not covered by the reconciliation process. Under the act they cannot be. Consequently, in this one area where Congress has been less forthcoming than many would have liked, we are unable to use the reconciliation process effectively to reach the desired result.

Finally, unless action is completed on the reconciliation bill and resolution called for in the reconciliation language included in the budget resolution, a point of order would lie against a motion to adjourn sine die at the close of the 96th Congress.

The House Budget Committee has chosen to use persuasion rather than the reconciliation process in achieving the targets set in the first budget resolution. As indicated above, with the exception of legislative savings, the House committees have met their targets in the first budget resolution. Even in the area of legislative savings, the House committees have responded to the need to save money by making reductions in existing programs in a manner that gives us hope that these goals are not merely fanciful.

Due to the leadership exercised by the gentleman from California (Mr. LEON PANETTA) chairman of the Legislative Savings Task Force, and others, House committees are becoming educated to the issues in these areas and are beginning to make the difficult decisions necessary to reach the goal of a balanced budget which we all desire. The Budget Committee feels that it is more appropriate to address these issues in cooperation with the committees of jurisdiction, rather than through the difficult procedures of the reconciliation process.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the basic point we have looked at in the Legislative Savings Task Force is the fact that committees have responded indeed to the savings requests we have presented to them. Out of the \$2.7 billion, we have had actions in committees on roughly \$2 billion worth of that.

In addition to that, the Committee on Appropriations has indeed responded to the targets that were presented to the committee.

We felt that rather than proceed to move toward reconciliation at this point, we would use the process of persuasion, since their concern about balancing the budget was working in the various committees.

Mr. Chairman, we felt the House deserved some credit for what it was doing, and for that reason we did not wish to proceed with that element. It is an element we may want to use in the future.

Mr. GIAIMO. Mr. Chairman, I urge the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. REGULA).

The amendment was rejected.

Mr. GIAIMO. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) is recognized for 5 minutes.

Mr. GIAIMO. Mr. Chairman, I yield to the gentleman from Ohio (Mr. VANIK) who is concerned about a matter which he wishes to discuss with me.

Mr. VANIK. Mr. Chairman, later during this session or during the fiscal year for which we are preparing the budget, the administration may submit a most-favored-nation treaty for the approval of the Congress. Under the Trade Act, such recommendation takes effect unless the Congress does not disapprove. Now, such an extension of most-favored-nation status involves a small revenue loss.

Can the chairman of the committee advise me as to whether in his opinion such resolutions of disapproval would be subject to points of order under the provisions of the Budget Act?

Mr. GIAIMO. Mr. Chairman, I have checked into this matter, and my best understanding is that since they are resolutions of disapproval, they would not be subject to a point of order under the provisions of the Budget Act.

Mr. VANIK. Mr. Chairman, I thank the distinguished chairman of the Committee on the Budget.

PERFECTING AMENDMENT OFFERED BY MR. GIAIMO

Mr. GIAIMO. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. GIAIMO: In section 4, page 5, line 19, strike "\$605,700,000,000" and insert "\$605,450,000,000";

Line 20 strike "\$704,500,000,000" and insert "\$704,250,000,000";

Line 23 strike "\$666,938,000,000" and insert "\$666,488,000,000";

Line 24 strike "\$728,866,000,000" and insert "\$728,016,000,000";

Line 1, page 6 strike "\$604,027,000,000" and insert "\$603,617,000,000";

Line 2 strike "\$655,821,000,000" and insert "\$655,408,000,000";

Line 5 strike "\$1,673,000,000" and insert "\$1,833,000,000";

Line 6 strike "\$48,679,000,000" and insert "\$48,842,000,000".

Mr. GIAIMO. Mr. Chairman, this is an amendment offered purely to provide mathematical consistency. There was an amendment adopted in committee, the Coughlin amendment, which changed some of our numbers and, therefore, had effect on the projections we made as to the outyear projections.

In order to make them mathematically consistent, this amendment is offered for that purpose.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Connecticut (Mr. GIAIMO).

The perfecting amendment was agreed to.

● Mrs. SCHROEDER. Mr. Chairman, throughout history, we have seen one striking phenomenon—that when inflation becomes rampant and people begin to worry about the future—political chaos has resulted. In Germany in 1937, inflation was so bad that between the

time that Germans went to the bank to get money and then went to the store to buy goods, prices had tripled. Political chaos in Germany was not far behind.

Although we are not as bad off as Germany was in 1937, we are well down that road. "Double-digit inflation" is a household word. The Klan is back—as I have found in my home district of Denver. The hawks are screeching for more, more, more because the Russians are camping on our doorstep. We are instilling fear in the hearts of our constituents—and I am afraid of what the ramifications for this country might be.

And so what are we doing to deal with inflation and renew the faith of Americans in the future? We are increasing the defense budget. And where are all of these additional dollars for defense going to come from? They are not going to come rolling off the presses and into the hands of the defense contractors without trade-offs. Let me give you a few examples of what kinds of trade-offs I am talking about:

The \$2 to \$3 billion that we put into one nuclear carrier operates New York City's 1000 public schools for 1 year; \$4.3 billion builds 860 miles of subway tunnel for the MX missile or pays for the entire country's mass transit system for 2 years; \$9 million builds one Navy intruder or employs nearly 100,000 youths for a year at the minimum wage; \$60 million builds one C-5A or feeds 12,000 families of 4 for 1 year; and \$23 million builds two Minuteman III missiles or subsidizes the entire nation's immunization program for 1 year.

Many people grumble about subsidizing what they call our "welfare economy." But I rarely hear these people grumble about the welfare state for the military that we have created. We are making it increasingly hard for people—even those who have jobs and are trying to get ahead—to stay above the poverty line. Yet the military says that they are downtrodden and penniless with the biggest budget of all Federal programs—of every Federal dollar, nearly 46 cents goes for military expenditures. If nearly 46 percent of the Federal budget was being funneled into social programs, we would hear every fiscal conservative crying "balance the budget, balance the budget." But when it comes to the military, it seems to be acceptable to send this country into a \$1 trillion budget deficit—which is what we will have by the end of fiscal year 1981 if we continue to spend at the current rate. Now that we know where the money is going to come from, the next question is where is it going to go? Even the chairman of the Research and Development Subcommittee of the House Armed Services Committee said during the authorization debate last week that, "You just do not throw money at defense R. & D. You have got to have well designed programs that require specific amounts of funding and that are going to provide real military benefits." In my opinion, that is the only way to responsibly approach defense spending.

I think we have to recognize that just because the Soviet Union spends more on defense than we do does not mean we are inferior militarily. It should be

pointed out that in ICBM construction alone, the Soviets subsidize four independent contractors, who come up with four independent designs for new ICBM's, and that all four are then put on line—all with the same relative strategic capability. The United States, on the other hand, put one ICBM on line with one strategic design. Moreover, our technology is better and we do it more cheaply. But this is a part of the United States-Soviet budget equation that no one ever talks about.

I think it should also be pointed out that there is an incredible amount of waste in the military. Simply by being a little more cost conscious, the military budget would go a lot further. I recently held hearings in my Subcommittee on Civil Service where we received testimony that the Air Force was paying \$2,360 for shoulder bolts that should have only cost \$50, and that the Pentagon paid \$50 for some items which would only cost \$1.71 on the open market. DOD shelled out \$14.10 for nuts and bolts that should have cost 70 cents apiece, and paid \$91 each for 10 3-cent screws. This may not seem like much, but these items add up. It turns out that the Defense Logistics Agency alone negotiated \$600 million worth of these contracts in fiscal year 1978.

If the military finds that it is unable to cut corners and Congress is still convinced that more dollars for defense is the answer, I would suggest that Members of Congress give their annual pay raises to the Department of Defense. Every year I give my pay raise to charity. It gives me a good feeling. So, if those Members of Congress who want the military to have more money donate their pay raises to the cause, then we could all share this good feeling.

In the end, however, the real test of superiority is not how many weapons you have or how big they are. The real test is how stable and prosperous our economic and social institutions prove to be—and that is precisely what we undercut when we increase the military budget. With the current crisis in our domestic economy, we have to be even more conscious of what we put into the military machine. We have to remember that defense spending is particularly inflationary because it does not produce goods and services. If we blind ourselves to this fact, the real competition with the Soviets will not be one of ICBM's, but rather how fast each one of us can run the other's economy into the ground. And no nuclear weapon will make us feel secure then. Let me move one step further to the impact of a mushrooming defense budget on the needs of women in our society.

The connection between women and defense has usually been one of a stronger defense so that we can protect the women. Thus the old battlecry, "Women and children first." The battlecry is still being shouted loudly and clearly, but now we are hearing it in a different arena—the budget process. Perhaps a more effective way of protecting women and children would be to funnel money into helping the nuclear family instead of strengthening our nuclear arsenal.

Take a look at the MX program, for example. The program was funded at the \$158 million level in fiscal year 1979. Now take a look at that money in the context of a program which would provide women and children a more immediate sense of protection—the domestic violence program. The proposed domestic violence bill authorizes \$15 million for fiscal year 1980, \$20 million for fiscal year 1981, and \$30 million for fiscal year 1982. That is \$65 million for 3 years, 75 percent of which would be distributed in grants to community-based programs and local public agencies.

Another example is the title X family planning service—\$175 million would fund this program in fiscal year 1980, a program which has proven its cost-effectiveness. One dollar invested in family planning services by the Federal Government in year one returned in year two a minimum of \$1.80—a cost/benefit ratio unmatched in any public program and unheard of in any military program.

In the second budget resolution which we are now considering, there is \$1.6 billion in defense-related budget authority. If that money was rechanneled as if women really mattered, where could we put it? To begin with, we could beef up CETA. Unemployment rates are higher for women than for men. In 1978, the unemployment rate was 4.2 percent for adult men and 6 percent for adult women. Women want and need the jobs and job-training opportunities provided by CETA. Although women make up 50 percent of all unemployed workers, only about one-third of all the public service jobs and training slots go to women.

Money is also needed to adequately enforce all the noble laws we passed in the name of equality, especially the anti-discrimination laws in employment and education. These laws include title VII of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, the Equal Pay Act and Age Discrimination in Employment Act, section 504 of the Rehabilitation Act, and Executive Order 11246.

Women are told time and time again that the military budget must be increased to protect them. Yet women are never consulted about what they want. What women want is a fair share of our tax dollars. Women pay into the kitty at the same rate as men do, but when it comes to divvying up the goods, they get the old "three for me, one for you" routine. Moreover, women are not asking for extravagant expenditures—they are asking for the basics of life: the ability to provide for the feeding, clothing, and housing of their children and themselves.

Somewhat it is appropriate that the ammunition in the tug-of-war for funding—dollars—now bears the image of Susan B. Anthony, a woman who was instrumental in getting American women the right to vote and thus increasing their participation in the political process. What the right to vote was to American women in Susan B. Anthony's day, the dollar is to American women today—a symbol of full participation in our society.

The other budget area which I would like to comment on is that earmarked for

energy, particularly the money which is being set aside for synthetic fuels development. While I have largely supported synfuels development, there are many aspects of the synfuels issue which should be considered before we make a major commitment of Federal funds for its development.

Today, we are asked to accept a budget resolution which would give the proposed Energy Security Corporation \$12 billion in budget authority for 1980. That is \$12 billion for a quasi-private corporation that:

First, would be exempt from restraints that most agencies must operate under;

Second, would not be directly accountable to either the Congress or the White House; and

Third, would pursue energy programs which have yet to prove commercial feasibility or environmental safety.

It seems to me that the \$12 billion could be put to better use by shaping up the Department of Energy's Synthetic Fuels Division, rather than adding another layer of bureaucracy to an already overburdened Government. Just as I do not advocate throwing money into defense programs that have not been carefully scrutinized, neither can I advocate throwing money into a synthetic fuels development program without having a better idea of how those dollars will be spent.

● Mr. WEISS. Mr. Chairman, the second budget resolution is seriously flawed in two key respects and I am unable to support it.

As my colleagues all know, the Nation has entered another recession. No one can predict at this stage with any reliable degree of accuracy just how deep the slump will be or how long it will continue. It is nonetheless certain that this particular slowdown is going to entail considerable suffering for many millions of Americans who will lose their jobs in coming months. Indeed, this recession threatens to be at least as severe as the previous one since, as was the case during that 1973-74 experience, rising unemployment is not significantly curbing the inflation rate.

It thus appears that the Nation will soon be caught in the double vice of worsening joblessness and accelerating price hikes. This, Mr. Chairman, is a rather unsettling situation—one that Congress should be addressing in the early stages before the recession-inflation phenomenon goes completely out of control.

The budget resolution affords us the opportunity to prevent or at least mitigate the dire consequences of the coming economic instability. Unfortunately, the resolution before us today fails in both these critical areas—it does not pose any effective antidotes to rising unemployment nor does it offer any real strategy for containing increases in the cost of living.

I am sure that my colleagues recall the debates in this Chamber last year when we considered the Humphrey-Hawkins or Full Employment and Balanced Growth Act. I am confident, too, that we remember the eloquent arguments made then in support of this legislation which

we eventually adopted. We voted for Humphrey-Hawkins because we wanted to commit our Nation to the goal of insuring a job for every American able and willing to work. Specifically, the act calls for a reduction in the adult unemployment rate to 3 percent nationwide by 1983 and in the overall joblessness rate to 4 percent in that year.

We in the House supported that proposal, that vision. So did the Senate. The President signed it into law. Many of us cited passage of Humphrey-Hawkins as one of the most far-reaching accomplishments of the 95th Congress. This Chamber rung with inspiring rhetoric about the right of all our citizens to a job, about the capacity of the richest nation in the history of humanity to translate that right into a reality.

Now, less than a year later, we are being asked to endorse a budget resolution which mocks those goals and makes the speeches and promises seem hollow indeed.

This resolution assumes that 1980 will witness a joblessness rate of at least 7 percent. That, Mr. Chairman, equals 7 million people without work. Many of them will be young, entering a labor market that has no place for them. It would be most interesting to learn how a budget resolution which does nothing to ameliorate this situation can possibly be reconciled with a law that calls for a dramatically lower unemployment rate.

Instead of moving toward the objectives we endorsed in the Humphrey-Hawkins legislation, we are about to adopt a spending plan that takes the Nation in the opposite direction. Can there be any doubt about why so many Americans are thoroughly disillusioned with the legislative and political process?

We have built into the budget the tools with which we can construct a full employment economy and stop this recession before it takes its heaviest toll. But the budget resolution does not put these tools to work in an adequate manner. Programs like the Comprehensive Employment and Training Act, the targeted tax credit for hiring young people, various public works projects, and related efforts like the countercyclical assistance program are all badly underfunded and are suffering the effects of a misguided approach to combating inflation.

If we adopt this budget resolution, we are in effect writing off the Humphrey-Hawkins legislation. We are committing the Nation not to full employment, but to yet another recession with all the misery and hopelessness it will entail.

Nor will we have fashioned a workable anti-inflation strategy if we approve this resolution. Human service programs throughout the budget are being slashed in the name of holding down prices. The authorization and appropriation levels for the Pentagon are meanwhile being allowed to reach wholly unjustifiable levels. Where is the consistency and where is the effectiveness in this kind of lopsided logic?

All of us know about the Congressional Budget Office study which found that the draconian cuts being recommended are expected to reduce the overall inflation rate by about two-tenths of 1 percent in

fiscal 1980. Two-tenths of 1 percent. If we approve this resolution with all its upside-down priorities, we will have succeeded in paring the annual inflation rate to about 13.8 percent from its roughly 14-percent current level. Obviously, the results do not justify the devastation. I urge my colleagues to defeat this resolution.

● Mr. HAPRIS. Mr. Chairman, on May 23, I voted against the first concurrent resolution as reported by the House-Senate budget conference because it turned its back on tax reform and increased the deficit to \$22.9 billion—an unacceptable amount. We are now faced with a second concurrent resolution that continues to ignore the savings that could be achieved through tax reform and further increases the deficit by \$6.26 billion to over \$29 billion.

I cannot support a budget resolution which allows spending of over \$548 billion and a deficit of over \$29.2 billion for fiscal year 1980. In May, Congress pledged to bring the Federal deficit down from the fiscal year 1979 level of \$30 billion in order to balance the budget by fiscal year 1981. This resolution now proposes a deficit almost as large as fiscal year 1979's with a balanced budget no more in sight than it was last year. I can not vote for a resolution which simply continues "business as usual."

The second budget resolution completely fails to address tax reform—an area where we could have substantially reduced the deficit by eliminating the expensive, special interest tax loopholes that costs the Government billions of dollars each year. The U.S. tax code is replete with these tax loopholes which place an unfair burden on the average man and woman. When the big corporations and wealthy individuals avoid their fair share of taxes, it is middle America that must make up the difference. Why should the average American taxpayer be forced to shoulder the burdens of a deficit budget when, by addressing the issue of tax loopholes, we could make the tax code more equitable, promote economic stability, and substantially reduce the Federal deficit?

I have specifically identified over \$14 billion of tax expenditures of a highly questionable purpose that, if eliminated, would cut the proposed \$29 billion deficit in half.

[In millions]

Loophole:	Revenue gain in 1980
Special treatment of domestic international sales corporation (DIS CB)	\$1,250
Intangible drilling costs	1,660
Use of asset depreciation range for computing the deduction for depreciation	3,030
Percentage depletion for mineral and oil companies	1,740
"Deferral" of income tax on foreign income of U.S. corporations	450
Inappropriate business expense deductions (3-martini lunch, first class air fare, et cetera)	2,000
Foreign tax credit for oil companies	3,000
Deduction of farming expenses before paying taxes on profit	500
Taxation of inherited property	1,000
Total	14,640

In this period of high inflation, it is absolutely foolhardy for the congressional budget to contain over \$14 billion worth of tax loopholes. This is an affront to the American taxpayers whose pocketbooks are being ravaged by skyrocketing prices.

Closing these loopholes would not only cut the projected \$29.2 billion deficit in half, but it would also provide the additional revenue needed to enact energy programs to deal with our increasing dependence on foreign oil and the human needs arising from continued inflation, higher oil prices and rising unemployment.

We must begin now to develop alternative sources of energy that will decrease our reliance on expensive imported oil. We must also include funding for direct economic aid to low-income families and elderly to help offset the impact of skyrocketing energy costs. These people are going to experience serious, life-threatening hardships this winter when forced to spend an average of one-third of their income on energy.

Let there be no misunderstanding though—the reason we are faced with the need to provide fuel assistance to cover astronomical energy costs is because the Carter administration has consistently advocated policies that would make gasoline and other fuel products more costly on the theory that higher energy prices would force conservation. The administration's energy policy has caused a brutal escalation of fuel prices which is having a devastating impact on consumers and is further complicating efforts to control inflation.

I strongly opposed President Carter's plan to decontrol oil prices, helped to lead the fight in the House Democratic Caucus last May to continue price controls and will continue to support any effort to reinstate price controls. I cannot support an energy policy that jacks up the price of oil—adding to higher oil company profits and causing serious hardships on the poor and elderly of our country.

I think the issue is clear. The second budget resolution increases spending by \$6.7 billion and pushes the deficit to \$29.2 billion. It continues to ignore the importance of tax reform. Despite the clear mood of the country to limit the size and role of the Federal Government, this resolution has failed to come to grips with the Federal spending. We must reaffirm our determination to balance the budget and make good our commitment to the American people. Increasing the deficit from \$22.6 billion in the first resolution to \$29.2 in the second budget resolution is clearly a step in the wrong direction. If the second budget resolution included my tax reform proposal to close tax loopholes by \$14.6 billion, the projected budget deficit would have been cut in half. That would be real progress toward a balanced budget. ●

Mr. GIAIMO. Mr. Chairman, I move that that the Committee do now rise and report the concurrent resolution back to the House with sundry amendments, with the recommendation that the amend-

ments be agreed to and that the concurrent resolution, as amended, be agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the U.S. Government for the fiscal year 1980, had directed him to report the concurrent resolution back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the concurrent resolution, as amended, be agreed to.

The SPEAKER. Under the statute, the previous question is ordered.

Is a separate vote demanded on any amendment?

If not, the Chair will put them en gros. The amendments were agreed to.

The SPEAKER. The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 192, nays 213, not voting 29, as follows:

[Roll No. 488]

YEAS—192

Addabbo	Eckhardt	Lederer
Akaka	Edgar	Lehman
Albosta	Edwards, Calif.	Leland
Alexander	English	Lloyd
Anderson, Calif.	Fary	Long, La.
Andrews, N.C.	Fascell	Long, Md.
Annunzio	Fazio	Lowry
Anthony	Ferraro	McCloskey
Ashley	Flippo	McCormack
Atkinson	Florio	McHugh
Bailey	Foley	McKay
Baldus	Ford, Mich.	McKinney
Barnes	Ford, Tenn.	Maguire
Bedell	Fountain	Markay
Bellenson	Fowler	Matsui
Benjamin	Frost	Mattox
Bennett	Fuqua	Mazzoli
Bevill	Garcia	Mica
Biaggi	Gaydos	Mikulski
Bingham	Gephardt	Mineta
Blanchard	Glismo	Minish
Boggs	Gibbons	Moakley
Boland	Ginn	Mollohan
Bolling	Gonzalez	Montgomery
Bonior	Gray	Moorhead, Pa.
Brademas	Guarini	Murphy, Ill.
Brodhead	Gudger	Murphy, N.Y.
Brooks	Hall, Ohio	Murtha
Brown, Calif.	Hall, Tex.	Myers, Pa.
Burlison	Hanley	Natcher
Burton, Phillip	Harkin	Nedzi
Conte	Hefner	Nelson
Conyers	Heftel	Nichols
Cotter	Hightower	Nolan
D'Amours	Holland	Nowak
Danielson	Howard	Oakar
Davis, S.C.	Hutto	Oberstar
de la Garza	Jenkins	Obeys
Derrick	Jennette	Panetta
Dicks	Johnson, Calif.	Patten
Diggs	Jones, N.C.	Patterson
Dingell	Jones, Okla.	Pease
Dixon	Jones, Tenn.	Pepper
Dodd	Kastenmeier	Perkins
Donnelly	Kazen	Peyser
Dougherty	Kildee	Preyer
Downey	Kogovsek	Price
Drinan	Kostmayer	Rahall
	LaFalce	Rangel

Ratchford
Reuss
Richmond
Roberts
Rodino
Roe
Rose
Rostenkowski
Russo
Sabo
Scheuer
Seiberling
Shannon
Skelton
Slack
Smith, Iowa

Solarz
St Germain
Stack
Staggers
Stewart
Stokes
Stratton
Studds
Swift
Thompson
Traxler
Udall
Ullman
Van Deenlin
Vanik
Vento

NAYS—213

Abdnor	Forsythe	Miller, Ohio
Ambro	Frenzel	Mitchell, Md.
Andrews, N. Dak.	Gilman	Mitchell, N.Y.
Applegate	Gingrich	Moore
Archer	Clickman	Moorhead, Calif.
Ashbrook	Goodling	Mottl
AuCoin	Gradison	Murphy, Pa.
Bafalis	Gramm	Myers, Ind.
Barnard	Grassley	Neal
Bauman	Green	O'Brien
Beard, Tenn.	Grisham	Ottenger
Bereuter	Guyver	Pashayan
Bethune	Hagedorn	Paul
Boner	Hamilton	Petri
Bouquard	Hammer	Pritchard
Breaux	schmidt	Pursell
Broomfield	Hansen	Quillen
Brown, Ohio	Harris	Railsback
Broyhill	Harsha	Regula
Buchanan	Hawkins	Rhodes
Burgener	Heckler	Rinaldo
Burton, John	Hillis	Ritter
Byron	Hinson	Robinson
Campbell	Hollenbeck	Roth
Carney	Holt	Rousselot
Carr	Holtzman	Royer
Cavanaugh	Hopkins	Rudd
Chappell	Horton	Runnels
Cheney	Hubbard	Santini
Chisholm	Huckaby	Satterfield
Clausen	Hughes	Sawyer
Clay	Hyde	Schroeder
Cleveland	Ichord	Schulze
Clinger	Ireland	Sebelius
Coelho	Jacobs	Sensenbrenner
Coleman	Jeffords	Sharp
Collins, Ill.	Jeffries	Shelby
Collins, Tex.	Johnson, Colo.	Shumway
Conable	Kelly	Shuster
Corcoran	Kemp	Smith, Nebr.
Coughlin	Kindness	Snowe
Courter	Kramer	Snyder
Crane, Daniel	Lagomarsino	Solomon
Crane, Philip	Latta	Spellman
Daniel, Dan	Leach, Iowa	Spence
Daniel, R. W.	Leach, La.	Stangeland
Dannemeyer	Leath, Tex.	Stanton
Daschle	Lee	Stark
Davis, Mich.	Lent	Stump
Deckard	Levitas	Symms
Dellums	Lewis	Synar
Derwinski	Livingston	Tauke
Devine	Loeffler	Taylor
Dickinson	Lott	Thomas
Dornan	Lujan	Trible
Duncan, Tenn.	Luken	Vander Jagt
Early	Lundine	Volkmer
Edwards, Ala.	Lungren	Walker
Edwards, Okla.	McClory	Wampler
Emery	McDade	Weaver
Erdahl	McDonald	Weiss
Erlenborn	McEwen	White
Ertel	Madigan	Whitehurst
Evans, Del.	Marks	Whittaker
Evans, Ga.	Marlenee	Williams, Ohio
Evans, Ind.	Marriott	Wilson, Bob
Fenwick	Martin	Wilson, Tex.
Findley	Mathis	Wyatt
Fish	Mavroules	Wydler
Fisher	Michel	Wylie
Fithian	Miller, Calif.	Young, Fla.

NOT VOTING—29

Anderson, Ill.	Carter	Pickle
Aspin	Corman	Quayle
Badham	Duncan, Oreg.	Rosenthal
Beard, R.I.	Flood	Royal
Bonker	Gore	Simon
Bowen	Hance	Steed
Brinkley	Mikva	Stenholm
Butler	Moffett	Stockman

Treen
WhittenWinn
Wolff

Young, Alaska

□ 2220

The Clerk announced the following pairs:

Mr. Wolff with Mr. Anderson of Illinois.
Mr. Simon with Mr. Badham.
Mr. Steed with Mr. Young of Alaska.
Mr. Whitten with Mr. Quayle.
Mr. Corman with Mr. Winn.
Mr. Rosenthal with Mr. Carter.
Mr. Hance with Mr. Butler.
Mr. Brinkley with Mr. Roybal.
Mr. Stenholm with Mr. Aspin.
Mr. Pickle with Mr. Beard of Rhode Island.
Mr. Bowen with Mr. Mikva.
Mr. Moffett with Mr. Gore.
Mr. Duncan of Oregon with Mr. Bonker.

So the concurrent resolution was rejected.

The result of the vote was announced as above recorded.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5229, TEMPORARY DEBT LIMIT INCREASE

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 96-46) on the resolution (H. Res. 411) providing for the consideration of the bill (H.R. 5229), to provide for a temporary increase in the public debt limit, which was referred to the House Calendar and ordered to be printed.

PERSONAL EXPLANATION

Mr. GILMAN. Mr. Speaker, yesterday, September 18, 1979, I was necessarily absent from the House during two rollcalls. I was absent because I was flying back to Washington with Lawrence Lunt, who was released on Monday afternoon from a Cuban prison after having served 14 years on a charge of espionage.

I was absent for rollcall No. 473, on the Fuels Transportation Safety Amendments Act of 1979, H.R. 51. Had I been present, I would have voted "yea."

I was also absent for rollcall No. 474, on the question of allowing the conferees on H.R. 4040, the defense authorization bill, to close their conference during discussions of classified national security information. Had I been present, I would have voted "yea."

PROPOSED AMENDMENT TO H.R. 2172, THE INTERNATIONAL SUGAR STABILIZATION ACT OF 1979

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.
● Mr. VANIK. Mr. Speaker, I have requested that an amendment be printed at the end of the House of Representatives portion of today's RECORD, which I propose to offer during consideration of H.R. 2172, the International Sugar Stabilization Act of 1979.

I believe that this amendment is only a technical one. I hope that by printing it some days before the vote on this bill, Members or the public can point out any possible errors or places in which the amendment makes substantive rather than just technical administrative changes.

Basically, the amendment is a rewrite of the title III farm labor provisions approved by the Ways and Means Committee. This rewrite is considerably easier to read than the version contained in H.R. 2172. It provides for a more uniform style and set of terms, and clearer cross-references. I believe that the adoption of this language will make the administration of title III easier in the years to come.

A brief review of the history of this legislation will explain why a technical amendment is justified at this time. H.R. 2172 was jointly referred to the House Agriculture Committee and the Ways and Means Committee. House Agriculture basically adopted the labor language from last year's unsuccessful sugar bill—see pages 54 to 65 of H.R. 2172 as reported. That language was largely based on a rewrite of provisions of the old Sugar Acts and Fair Labor Standards Acts, but it provided for administration of the labor provisions by the USDA, not the Department of Labor.

The Ways and Means Committee adopted the title III language found on pages 96-106 of H.R. 2172, as reported. The Subcommittee on Trade made changes recommended by the executive branch providing for the administration of title III by the Department of Labor, rather than USDA. In making this change the subcommittee also adopted language proposed by the Department of Labor making the title conform more closely to Fair Labor Standards Act procedures. The Subcommittee on Trade also adopted certain child labor rules.

It became apparent to the staffs of the two committees, however, that there were certain awkward transitions and cross-references involved in melding old Sugar Act labor standards programs with the FLSA. The full Ways and Means Committee adopted the language of the subcommittee before improvements in the administration's language could be developed.

I would now like to propose for the consideration of the House, improved language.

There is no change in benefit level for workers in any of these alterations. There is no change in the economic obligations imposed on producers, although certain gaps in the enforcement of the Ways and Means version, as compared to the Agriculture Committee version, have been closed. I do propose that references to 1978 sugar supply year wages of \$3 an hour be deleted, since that year ends in about 2 weeks and the references to the 1978 wage have become obsolete.

The mandamus provision found on pages 62 and 103 of H.R. 2172 as reported has been deleted since the clear right to demand enforcement of duties obviously exists elsewhere and does not need to be repeated.

The rights and obligations of employers to maintain records is made clearer.

Under the Ways and Means Committee version (pages 96-106), it is not clear whether any criminal sanction would apply in case of violation of the employee protection provisions (301(d)) of the reported bill, or of the workmen's compensation provision (301(f)) of the reported bill. Yet criminal provisions do apply in the Agriculture version and it was the

clear intent of the Ways and Means Committee in adopting the administration's proposed language to insure comparable rights and obligations between the two committees' versions. This uncertainty is removed by the proposed amendment.

Finally, in working with the administration on improving the language for title III, the question arose as to the administration of the anti-excessive charges ("company store abuse") provisions. I believe it is the intent of the Congress that the workers covered by this act receive the minimum wage in the form of "wages" and any "company store" charges shall be separate from this compensation. The workers are not, for example, to receive \$1 in wages and told that the other \$2.30 was provided in some unidentified or vague form of housing and food services.

I hope that this amendment will be helpful in clarifying the language and intent of title III.●

CAMPAIGN FINANCING

The SPEAKER. Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 5 minutes.

● Mr. MINISH. Mr. Speaker, the following are two amendments dealing with the contributions of political action committees to congressional candidates. Depending on the parliamentary situation when the House considers H.R. 4970, I intend to offer one or both of these amendments. I am asking that both amendments be made in order for House consideration of H.R. 4970.

AMENDMENT TO AMENDMENT NO. 1 TO TEXT OF H.R. 4970 AS PRINTED IN THE CONGRESSIONAL RECORD BY MR. OBEY

(Offered by Mr. MINISH)

In paragraph 1 of subsection 320(i) as proposed by the amendment, strike out "\$6,000 (but not more than \$5,000 for one election)" both times it appears and insert in lieu thereof "\$2,000".

In paragraph 2 of subsection 320(i) as proposed by the amendment, strike out "\$9,000 (but not more than \$5,000 for one election)" both times it appears and insert in lieu thereof "\$3,000".

AMENDMENT TO H.R. 4970, AS INTRODUCED

(Offered by Mr. MINISH)

On page 2, line 14, strike out "\$5,000" and insert in lieu thereof "\$2,000".

On page 3, line 1, strike out "\$7,500" and insert in lieu thereof "\$3,000".

On page 3, line 2, strike out "\$5,000" and insert in lieu thereof "\$2,000".

I do not think I am exaggerating when I say that campaign financing is one of the most important issues this Congress must deal with. Our decisions on campaign finance laws shape the entire political process of our country. They have a direct effect on people's confidence in our government and on their belief in our democratic system.

I wish to express my support of legislation which restricts the amount of money a political action committee (PAC) may contribute to a congressional candidate and which limits the amount of money a candidate may accept from PAC's. It is a necessary and overdue reform. I believe that the approach taken

in H.R. 4970 is a step in the right direction, but I don't think that it goes far enough in restricting PAC's. For that reason I intend to propose an amendment which puts stricter controls on PAC giving.

Since the enactment of the Federal Election Campaign Act, the growth of political action committees has been phenomenal. In the 1973-74 Federal election cycle, PAC's contributed \$12.5 million. In 1975-76, the figure was \$22.6 million. In 1977-78, they gave \$35.1 million. Every indication is that their number and size will continue to skyrocket unless we do something about it. Congressional elections are a good place to begin reform: In 1978 more than two-thirds of all PAC money went to House candidates.

I would like to talk about the influence PAC's exert over congressional actions. It is a very misunderstood topic. I have been in Congress for almost 17 years. In my experience, Members of Congress are honest, often to the point of being scrupulous, and all of them do what they believe is in the best interest of their constituents and their country.

However, it is naive to think that PAC's and the special interests they represent do not have a substantial and disproportionate effect on the political process. As I noted, PAC's contributed over \$35 million to Federal campaigns in 1977 and 1978. This was no accident. The people who organize and run political action committees are very sophisticated individuals. They would not be spending enormous amounts of effort and money—which they do—if they did not think they could get something out of it. So I think it is important to understand what special interest groups believe they are receiving in return for their PAC contributions.

PAC contributions do have two very substantial effects. First, large special interest contributions can turn around close elections. Everyone here knows that because of the cost of media advertising, you cannot be elected to high public office without spending a lot of money. If political action committees supply that money to one candidate and not another, they stand a good chance of affecting the outcome of the election. By targeting their contributions—as they all do—PAC's with similar interests can substantially affect the composition of Congress and its committees. Also, PAC's can and do declare war on individual Congressmen they do not like. They can flood an individual election with special interest money. The important thing to remember here is that the more influence nationally based PAC's have over a particular election, the less influence the voters of that district have in choosing the person who represents them in Congress.

The second effect of PAC contributions is that they can buy access to Congressmen. Many, perhaps most, of the issues which a Member deals with are close calls. There are strong, persuasive arguments on both sides of most issues; otherwise the Congress would not be wasting its time considering them. And it is an undeniable fact of life that a Member, with limited time to study an issue, will tend to vote on the side to

which he has been exposed. If he has seen the information and arguments of only one side of a question, he cannot help but be persuaded by the case that has been presented to him. It is also a fact of life that a Member will take the time to listen to an interest group whose PAC gave him \$5,000 in his last campaign. So because of the access they purchase, PAC contributions can and have substantially affected the decisions of Congress and its committees.

Now there is nothing wrong with organized groups and institutions having an effect on the political process. They are part of our country and they deserve a voice. What I oppose is the disproportionate influence which the present Federal campaign finance laws give them. To cite an example, an important issue before the Congress is that of the oil company windfall profits tax. On September 1, 1975, there was one oil company PAC. Today, there are 33. Thus, it is possible that oil interests could contribute \$330,000 to a single candidate for his primary and general election campaigns. That is what I mean by disproportionate influence. And we have to do something about it.

It has become the fashion recently to complain about political apathy. Voters stay away from the polls in record numbers. Individuals no longer feel that they have any real impact on the political process. I suggest that one of the principal reasons for this phenomenon is that individuals feel insignificant and politically impotent when they stand in the shadow of the special interest groups which now abound in our Nation. People feel lost and helpless when they try to exercise control over the political process which has such a great effect on them. Obviously, this is not a problem which can be solved immediately or perhaps even at all. But, I do believe that we can take a step in the right direction by giving individuals more influence over the political process. And there is no question that the less influence organized pressure groups exert over our political process, the more influence individuals will have.

For these reasons, I support the general approach of H.R. 4970, but I intend to introduce an amendment which would reduce PAC contributions even further. I see no reason for giving corporations, trade associations, or unions more influence over legislative matters than the average citizen has. Therefore, my amendment would reduce PAC contributions to \$1,000 per election. This is exactly the same limit which applies to individual contributions. I firmly believe that if the House accepts this amendment, it will go a long way toward making the actions of Congress and our whole political process reflect the interests and wishes of all the people in the United States.●

SOUTHERN AFRICAN COOPERATION: AN OPPORTUNITY FOR THE WEST

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. Diggs) is recognized for 15 minutes.

● Mr. DIGGS. Mr. Speaker, America's commitment to peaceful political change in southern Africa can be reinforced by a corresponding commitment to the region's quest for economic liberation. In fact, peaceful political change and economic development are two sides of the same coin in a dynamic process of change that will surely determine southern Africa's future potential as a major partner in our global economic system.

However, currently the subcontinent is retarded in its development by a pattern of regional interdependence that benefits continued minority racial domination and the hegemony of the Republic of South Africa. The regime of Prime Minister P. W. Botha has already clearly articulated its goal of forging a "Constellation of Southern African States" dominated by its economic and military might, while maintaining its own internal system of Afrikaner supremacy. This stated aim by Pretoria has given impetus to plans by neighboring black-ruled southern African countries to build an alternative system of regional economic cooperation that will make them less dependent on a white-ruled South Africa.

In view of the West's economic stake in the region, particularly that of the European Community, and our corresponding interest in seeing a restoration of stability within a framework of political freedom and economic justice, it is in our short and long term interest to give vigorous support to these aspirations.

Black-ruled southern African states have already taken the initiative in this regard by convening the first Southern African Development Coordination Conference held July 3-4, 1979, in Arusha, Tanzania. This unprecedented conference brought together heads of state and representatives of Angola, Mozambique, Tanzania, Botswana, Zambia, Lesotho, Swaziland, Malawi, Zimbabwe, and Namibia with representatives of the European Economic Community (EEC), the African Development Bank, the Arab Bank for Economic Development of Africa, the Commonwealth Secretariat, the United Nations Development Program (UNDP), and the World Bank, as well as observers from several Western donor countries, including the United States.

Whether or not the spirit of Arusha is translated into concrete and mutually beneficial regional and international cooperation depends on the quality of the Western donor response. The United States can help facilitate this positive potential by, on the diplomatic plane, recognizing Angola. For our part, the Congress can respond positively—rather than negatively—by lifting our ill-conceived and counterproductive restrictions on aid to Angola and Mozambique; restrictions that only play into the hands of the forces of external intervention. The spirit of Arusha was eloquently expressed by Sir Seretse Khama, President of landlocked Botswana, a country whose government is committed to peaceful change and nonracial democracy in Southern Africa:

ADDRESS BY HIS EXCELLENCY THE PRESIDENT SIR SERETSE KHAMA, OPENING THE SOUTHERN AFRICAN DEVELOPMENT COORDINATION CONFERENCE, ARUSHA, JULY 3, 1979

I would like to begin by thanking the Government and people of the United Republic of Tanzania, as well as the organizers of this historic meeting for the warm reception accorded me on my arrival in Arusha. I must particularly express my sincere gratitude to my friend and colleague, President Mwalimu Nyerere and his people for having been so kind as to allow this meeting to be held in their country.

2. And I think Arusha, with its scenic beauty and breath-taking surroundings is a most suitable venue for a meeting of this nature. Its temperate climate and tranquil atmosphere will no doubt contribute in no small measure to the success of this meeting, as I believe we all want it to succeed. And Tanzania is a country we all admire—a country whose history is the history of African liberation and whose leader has always been regarded, and rightly so, as the embodiment of African hopes and aspirations. Let us, therefore, pay homage to this great and dynamic leader by ensuring that this meeting produces the desired results.

3. We are gathered here today to try to chart a new course for the future of Southern Africa, or to launch a new type of struggle for liberation—economic liberation. Most of us in this turbulent region have already won our political kingdoms but our colonial past has ensured that we will continue to depend on others for our economic survival. This continued economic dependence has in many ways made our political independence somewhat meaningless, particularly when one takes account of the fact that some of the countries on which some of us depend for our economic survival do not share the human ideals on which our own societies are founded. Unfortunately, we find ourselves at their mercy. We have to deal with them while condemning them for their evil policies.

4. I believe, nevertheless, that there is a way out of our dilemma. With the assistance of the international community, I believe we can wage a successful struggle for economic liberation provided we can begin now, we the free states of Southern Africa, to plan together for our common future. The Five Frontline States have already shown that cooperation is possible among the independent states of Southern Africa regardless of their different ideologies and economic systems. We have been working harmoniously together to solve common political problems and I see no reason why we cannot work together harmoniously to solve common economic problems. The reality of our common historical experience must surely transcend our ideological differences. Too much is at stake for us. The longer we remain divided the longer we will remain poor and weak. In unity and cooperation we will have the strength and the opportunity to grow together and to resist any attempt by our enemies to keep us divided.

5. Everywhere in the world the trend is clearly toward integration in both the political and economic fields. Western Europe is gradually becoming a united political and economic entity, and we must not forget that Western Europeans have fought each other over many centuries culminating in the two world wars of this century. And yet Western Europe has been able to forge a unity which is increasingly becoming the envy of the entire world. We in Southern Africa have never fought each other and we have a great deal in common as former victims of western European colonialism. There is every reason for us to gravitate toward one another because we have no past mutual antipathies to outlive.

6. We need to gain mastery of our own destiny in this turbulent region of our continent and we can only succeed in achieving

this noble objective within the framework of a united Southern African community. I am not calling for the dismantlement of our independent states and their governments in favour of the formation of a super state. I am calling for cooperation and unity of purpose so that we can together plan for our future and the future of our children.

7. I am calling for the equitable sharing of the resources with which our subcontinent is so richly endowed. I am calling for coordinated development—the development of Southern Africa as an integrated region rather than as a cluster of impoverished little chauvinistic entities.

8. I am fully conscious of the fact that our individual economies are at different stages of development. Individually our countries are not equally endowed with natural resources. Even our political development is at different stages. Some of us are not yet free, namely, Zimbabwe and Namibia, but this cannot stop us from planning together for our future. It is for these reasons, therefore, that we want the developed world to give us aid on a coordinated basis so that we can be allowed the opportunity to grow together in a balanced fashion.

9. We invite the developed world to assist us to integrate our economies, to develop our transport and communications systems and to create employment for the tens of thousands of our people who have to seek employment in South Africa because there are limited opportunities in our own countries. Clearly, our principal objective is to reduce our dependence on powerful white minority regimes in Southern Africa, particularly the Republic of South Africa. The development of transport and communications systems in the ten states in the region would go a long way not only towards the integration of their economies but most important towards the lessening of their dependence on South Africa. This argument carries even more weight when one considers that of the ten states in the region only three—Angola, Mozambique and Tanzania—have direct access to the sea while the rest are completely landlocked. Three of these—Botswana, Lesotho and Swaziland—are landlocked geographically and to a certain extent politically.

10. But, for my own country, once Zimbabwe is free our geo-political predicament would become less serious because we would have access to the sea through friendly independent neighbours. We would be able to use the port of Beira, and Benguela and Tazara would also be accessible to us through the existing road and railway systems which link the countries in the region. Therefore, when I talk of the development of transport and communications systems I am not unmindful of the fact that some of the systems already exist but are of no use to some of us because of the political situation in the region.

11. Nevertheless, there is need for more transport and communications facilities in my area. A Trans-Kgalagadi railway line and a road from Francistown in the north of Botswana to Angola and Namibia would encourage trade and communications among the three countries, as well as enabling us to have access to the seaports of Namibia.

12. But, coordinated development goes beyond the mere provision of transport and communications facilities, important as these are. Regional development implies interdependence—the interdependence of the countries in the region. These require the promotion and facilitation of trade as one of the most important linkages in the process of regional cooperation. I am fully aware of the fact that the full exploitation of our natural resources and the development of our productive sectors are constrained by the small markets in our economies, but taken as a whole, Southern Africa forms a sizeable market. Economic regional cooperation would of necessity lead to coordinated pro-

duction expansion which would in turn encourage the expansion of markets for intra-Southern African trade.

13. It may be argued, however, that because we have varying resource bases, a balanced, mutually beneficial, intra-Southern African trade would be difficult to achieve. But, the fact is that we all have natural resources of one kind or another. We all have productive capacities of one kind or another and all we need is to agree that, for instance, if Tanzania produces tea which is not available in Botswana, Tanzania should be able to sell that tea to Botswana. Botswana should be able to sell her beef to one or more of the countries in the region which do not produce beef.

14. There are many other areas in which we can promote regional economic cooperation in the pursuit of the economic liberation of Southern Africa. These areas include energy, water, mining, agriculture, forestry, fisheries and employment and skills. I know that some cooperation has been going on in some of these areas but I think much more needs to be done. Some of the countries in the region have a great deal of agricultural potential and a great deal of water resources unlike some of us who are semi-desert. Others have more than enough energy resources which they can share with those who do not have them. The Republic of Zambia has Kafue and Kariba, and there is the Cabora Bassa in the People's Republic of Mozambique. These are three energy sources which could benefit the region as a whole once the political barriers which divide us were removed and a cohesive community of Southern African States was forged. In the meantime it is possible for us to exchange ideas, experiences and skills across these political barriers as we in the deep south have been doing for sometime within the constraints of our limited resources.

15. But, to succeed in our objectives—to ensure that regional economic cooperation does not remain a mere wish, it is vital that we should begin now to think seriously about the sort of institutions which would be required for the promotion of multi-state projects in the region. I mentioned earlier that we want the developed world to give aid to Southern Africa the objective of which would be to encourage balanced and coordinated development in the region. This aid would need to be channelled through a financial institution or institutions such as the African Development Bank, or a new institution which might be called the Southern African Development Bank. The name does not matter very much. What is important is that we must have an institution which would have the necessary capacity to process and finance regional projects and promote balanced regional development.

16. Furthermore, national commercial banks could be established and charged with the sole responsibility of providing credit for exports within the region, and to perform other functions such as the provision of insurance cover on regional transport and credit risks for regional partners. The purpose of this would be the reduction of unnecessary barriers to intraregional transactions which could easily frustrate the achievement of regional trade and cooperation.

17. Mr. Chairman, I have no illusions as to the fact that as long as the political situation in Southern Africa remains what it is, this region will remain fragmented within itself. We will continue to be kept divided, dominated and exploited not only by South Africa but also by outsiders. South Africa in particular would be only too happy to continue to exploit us individually in the hope that we would in time be lured by her economic power to join the so-called constellation of Southern African states in which we would be bundled together with the so-called independent Bantustans and UDI regimes in Zimbabwe and Namibia. These maneuvers

must be frustrated, and this means that the independent states of Southern Africa must ensure that the struggle for political independence in Namibia and Zimbabwe continues to advance.

18. And the least the West can do is to join us in our struggle for economic liberation instead of perpetuating our dependence on the white minority regimes. Every attempt we have made in the past to lessen our dependence on South Africa has been regarded by the West as unrealistic and prestige-seeking. When Botswana decides to repatriate the ownership of the portion of the Rhodesian railway line inside our country we are told by the West that this is merely a political decision which has no relevance at all to economic liberation. Similarly, I am aware that when Tanzania and Zambia decided to build Tazara the two countries were told by the West that Tazara was a prestige project which the West was not prepared to support, and did not support it. And yet it is quite obvious that these projects mean life and death for some of us. Are we seeking prestige when we seek to be masters of our own destiny? Is it unrealistic for a country like my own to seek trade and communication outlets to the north, the east and the west where we have our friends and brothers with whom we are bound together by bonds of history and experience?

19. We want to be given the opportunity to depend on our own resources, to decide our own destiny and to deal with the West on the basis of equal partnership. Thus, when we invite the West to join us in the development of Southern Africa, we are not seeking new external dependencies for our countries. We are inviting the West to support our struggle for economic liberation, the liberation of our economies from those of the white minority regimes in the region.

20. I should, in conclusion, emphasize a few points. We are gathered here not to plot against anybody, or any country, but to try to lay the foundation for the development of a new political and economic order for Southern Africa. This meeting is not designed to work out the modalities for the creation of an economic and political federation of Southern African States; rather, it is designed to work out mechanisms for closer cooperation among these states. I harbour no delusions of grandeur; nevertheless, I am convinced that with the will and the determination which have sustained us through the years of turbulence, conflict and chaos by which our region has always been characterized we can begin now to forge a united Southern African community wherein lies our strength for survival in the future. To this end, it is with great pleasure that I declare this conference open and wish you all the best in your deliberations. ●

THE TEXAS OIL SPILL DISASTER

The SPEAKER. Under a previous order of the House the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, today I introduced a resolution that is designed to insure that there is an appropriate, effective, and complete Federal response to the enormous environmental and economic damage caused by the colossal drift of oil from a blown out Mexican oil well in the Bay of Campeche.

Up until this time the response of Government has been lackadaisical. The Governor of Texas, whose company owned the rig at the blown out well site, at first claimed there was no big problem, and then admitted that there was. He has a chicken-little; he said it was a chicken-little. That selfsame Governor has enormous financial interests in Mex-

ican oil development, which most certainly accounts for his reluctance to place blame where it is due, or even admit the extent of the damage that Texas has suffered, and will continue to suffer, for the foreseeable future.

With his financial stake in Mexico, there is little wonder that Governor Clements has journeyed there so often on so-called good will missions. I would not be at all surprised to find that his most recent good will mission to the Soviet Union is motivated in full or part by hopes of securing future business for his corporate interests. Or to check on those there. Neither, for that matter, would I be surprised if Governor Clements soon went to China, to follow up on promising leads for sales or leases of drilling equipment to that country, which by all accounts has vast oil producing potential.

□ 2230

Mr. MATTOX. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I will be delighted to yield.

Mr. MATTOX. Has the Governor gotten back from Russia now?

Mr. GONZALEZ. I understand that he is on his way back this week.

Mr. MATTOX. Well, I know there are people out on the gulf coast that are really concerned about the problem. I know the Governor was one of the first ones that was quick to criticize President Carter for not being at home, and then the first time you turn around, this is the most major catastrophe that has hit our State in a long time, the Governor is off and is going to Russia. That concerns me just a little bit.

Mr. GONZALEZ. The people in the gulf coast area Saturday before last were quite puzzled and quite concerned and quite upset. They could not figure out what kind of constituency he was visiting in the Soviet Union, in Russia. As I say, in repeating, I think he probably made some inquiries about the well-being or the lack of it of the oil interests that he has.

A very little known fact to the American people, Texas particularly with oil riggers and oil interests, because the gentleman knows Texas has the cream of that type of development, has potential for development especially offshore exploration, and it is they that have made it possible for Russia to be No. 1 petroleum producers now, and they are the ones that are making it possible for China, mainland China to have offshore drilling capabilities that they are trying to develop right now.

Mr. MATTOX. If the gentleman will yield further, it is my understanding that our American technology, just as the gentleman has spoken about, is being developed and used all over the world in the oil industry, the entire world including that produced in the North Sea of China, in Russia, and we are doing it now in Mexico. I know the people down in my neighborhood, particularly my folks, have not been affected quite as much because the main thing they were doing down on the Gulf Coast was vacationing. But I know a lot of people, and we have inquired, some of the people do not have as much as 10 percent of the business they had just a year ago, and

some of them have been cut by at least 50 percent. I think we are going to see a big flood of all kinds of foreclosures of businesses, and I think that we need to make sure we have enough Small Business Administration provisions to take care of these people. I know we need to look at that and I appreciate the gentleman yielding to me.

Mr. GONZALEZ. I think my distinguished colleague from Texas is absolutely correct. As a matter of fact, the economic impact has been a lot more disastrous than even the percentages mentioned and, in fact, I went down with this combined subcommittee for hearings as a representative and in my capacity representing the Small Business Committee, and particularly with reference to the need for legislation which I have introduced today.

But the gentleman makes reference to something that is really the most disappointing, and that is that the same Governor who would not ask for Federal intervention in order to trigger off a Federal program such as the SBA, and who bitterly detests the President and the administration, he at first said he would absolutely refuse to request a determination of a disaster area, but pressure by some of us finally made him make a half-hearted request. Unfortunately, it was based on the wrong section of the small business statute, and I am trying to convince him to come in under the proper section, except he has been off in Russia and has not returned.

The hypocrisy of it, as I brought out in Texas, is that the same man who defames the Federal Government, decries a need for Federal intervention himself received \$150 million in loan guarantees from the Department of Commerce which enabled him to buy six wells, six rigs, two of which are involved in the blowout in the Bay of Campeche. How hypocritical can anybody get?

My resolution is aimed to accomplish several badly needed objectives.

First, it seeks to organize the governmental response to this disaster. There needs to be a comprehensive organization that will define and coordinate all the things needed to be done, from assessing the impact to establishing defenses, to cleaning up the oil, to directing recovery efforts. My resolution provides for this, and it seeks to provide citizen participation in that coordinating process.

Moreover, my resolution expresses the clear need for the U.S. Government to seek compensation from those entities and interests that may be responsible for the oil disaster in Campeche Bay.

The evidence gathered on September 8 at a hearing by the Committee on Merchant Marine and Fisheries, which I attended, clearly points to erroneous actions and erroneous judgments as the probable cause of the Campeche Bay blowout. It is necessary now to determine who had the operating authority at the rig and who issued the orders that ultimately led to the disaster.

Moreover, the evidence indicates that the well casing itself was faulty. If the casing had been sound, the successful efforts early after the accident to shut off the well flow could have been main-

tained. Unhappily the casing was faulty, and leaking started, which led to a decision to reopen the well blowout preventers, with disaster the certain result.

And it is known that the blowout might have never happened if there had been an adequate supply of drilling mud on hand at the well. Just before the accident, there was a failure in the drilling mud flow in the well. Ordinarily, there would be ample mud on hand, but in this case, there was not. From this lack, and from the decisions that followed, disaster occurred.

This was clearly an accident that could and should have been prevented. This is clearly a disaster in which responsibility needs to be fixed. This is plainly an event that requires the U.S. Government to seek out the responsible parties, and take all possible action to assure that they bear their just responsibility. My resolution provides for this.

Oil disasters at sea have happened before, and it is not unprecedented for an accident involving the interests of one government to have disastrous consequences on the shoreline of another. A tanker accident offshore may involve a tanker owned by one nation or its citizens, with great losses to another nation or its citizens. This was the case with the Amoco Cadiz, which up until this present catastrophe was the greatest oil spill of all time. And this was the case here, in which a well off Mexico has created damage of immense dimensions throughout the Gulf of Mexico, including our own shores.

For that reason I believe that international negotiations are needed to fix an international agreement on responsibility for such oil spills, which are in every sense of the word international incidents. These are incidents that ought to be governed by some workable kind of agreement, and the United States, as the biggest international buyer and user of oil, ought to take the leadership and responsibility for seeking an agreement of that kind. My resolution calls for this.

We are faced here with a disaster the like of which the world has never before seen. It is not like a storm that comes in, does its damage and leaves. It is a catastrophe that continues to happen, everyday, and will continue to happen long after the blown out well is brought under control, for no one knows how much oil has been put into the sea, nor how much of it can be cleaned up, nor where it will eventually drift, nor what its ultimate damage may amount to.

This is an event that requires extraordinary response. My resolution, if it is enacted and if its policies are closely adhered to, provides the kind of action that is needed.

Texas has throughout time had some of the finest beaches and richest fishing resources in the world. All of that is now endangered—for how long, no one can guess. How much of the environment can be restored, and at what cost, or how long it will take, no one can say.

Like all disasters, this one has its day in the glare of media attention, and then is forgotten. But the damage remains, and the immense effort to cope with the tragedy remains.

My resolution aims to make a reasonable recovery effort possible. It aims to make accountable those who are responsible for this disaster. It seeks a means to provide for international responsibility in the oil business. In good conscience, we can provide no less than that.

EXPLANATION OF VOTE

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. STEWART) is recognized for 5 minutes.

● Mr. STEWART. Mr. Speaker, I was unavoidably detained and was unable to be present to vote on final passage of H.R. 4440. Had I been present I would have voted "aye." ●

PERSONAL EXPLANATION

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EDGAR) is recognized for 5 minutes.

● Mr. EDGAR. Mr. Speaker, yesterday I was unavoidably absent from the House floor during the vote on the amendment offered by my colleagues JIM SHANNON and TIM CARTER. I left Washington late in the day in order to travel to my district for an important dinner meeting with business and professional leaders. Had I been present for the vote, I would have voted in favor of the amendment to limit the export of domestic hides. ●

PERSONAL EXPLANATION

The SPEAKER. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, this morning, while reviewing the votes in the House yesterday, I discovered that I am recorded as voting "aye" on the Shannon amendment to H.R. 4034 (rollcall 479).

I arrived in the Hall of the House immediately prior to the end of the vote, and it is indeed possible that I pressed the "aye" button in error. If that is the case, I regret the error.

However, my recollection is that I voted "no," as I intended to vote. I am firmly opposed to restrictions on cattle hides; I have so advised my constituents, and I was thus quite surprised to see my vote in the "aye" column.

Mr. Speaker, I appreciate this opportunity to clarify the record, and I regret any misunderstanding this may have caused. While I am not sure whether the error was human or mechanical, I would like the record to show clearly my opposition to restrictions on the support of cattle hides, and I ask unanimous consent that this explanation appear immediately following the vote in the permanent RECORD. ●

PERSONAL EXPLANATION

Mr. FOLEY. Mr. Speaker, I was unavoidably absent during the vote on rollcall No. 486 this evening. Had I been present, I would have voted "aye."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BOLAND, (at the request of Mr. WRIGHT), for today on account of official business.

Mr. CORMAN, (at the request of Mr. WRIGHT), for today on account of paternal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. KRAMER) to revise and extend their remarks and include extraneous material:)

Mr. KEMP, for 20 minutes, today.

(The following Members (at the request of Mr. MATSUI) to revise and extend their remarks and include extraneous material:)

Mr. VANIK, for 5 minutes, today.

Mr. MINISH, for 5 minutes, today.

Mr. DIGGS, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WEAVER, for 10 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. STEWART, for 5 minutes, today.

Mr. EDGAR, for 5 minutes, today.

Mr. WIRTH, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. EDWARDS of Oklahoma, to revise and extend his remarks, following the remarks by Mr. GINGRICH in the debate in the Committee of the Whole today.

Mr. GOLDWATER, to revise and extend his remarks, in the Committee of the Whole today.

(The following Members (at the request of Mr. KRAMER) and to include extraneous material:)

Mr. SHUSTER in two instances.

Mr. GREEN.

Mr. FINDLEY.

Mr. LOTT.

Mr. MCCLORY.

Mr. KEMP in two instances.

Mr. LEE.

Mr. LIVINGSTON.

Mr. FISH.

Mr. SHUMWAY.

Mr. EVANS of Delaware.

Mr. HYDE.

Mr. HINSON.

Mr. LAGOMARSINO.

Mr. SOLOMON.

Mr. MICHEL in two instances.

Mr. HANSEN.

(The following Members (at the request of Mr. MATSUI) and to include extraneous matter:)

Mr. MINETA.

Mr. BENJAMIN.

Mr. SANTINI in two instances.

Mr. MIKVA.

Mr. SCHEUER.

Mr. McDONALD.

Mr. SKELTON.

Mr. HAMILTON.

Mr. SOLARZ in three instances.

Mr. LEHMAN.

Mr. LaFALCE.

Mr. SWIFT.

Mr. GARCIA in two instances.

Mr. STOKES.

Mr. WILLIAMS of Montana in two instances.

SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 330. An act to amend title 38, United States Code, to establish certain procedures for the adjudication of claims for benefits under laws administered by the Veterans' Administration; to apply the provisions of section 553 to title 5, United States Code, to rulemaking procedures of the Veterans' Administration; to provide for judicial review of certain final decisions of the Administrator of Veterans' Affairs; to provide for the payment of reasonable fees to attorneys for rendering legal representation to individuals claiming benefits under laws administered by the Veterans' Administration; and for other purposes; to the Committee on Veterans' Affairs; and

S.J. Res. 90. Joint resolution to provide for the designation of a week as "National Recreation and Parks Week"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Thursday, September 20, 1979, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2482. A letter from the Comptroller General of the United States, transmitting his review of the deferrals of budget authority contained in the message from the President dated August 16, 1979 (H. Doc. No. 96-175), pursuant to section 1014(b) of Public Law 93-344 (H. Doc. No. 96-191); to the Committee on Appropriations and ordered to be printed.

2483. A letter from the Secretary of State, transmitting the third monthly report on developments related to Zimbabwe-Rhodesia; to the Committee on Foreign Affairs.

2484. A letter from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting Presidential Determination No. 79-16, finding that the making of a grant to Yugoslavia for earthquake reconstruction is vital to the security of the United States, that Yugoslavia is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of Yugoslavia from international communism, pursuant to sections 620(f), 652, and 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2485. A letter from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting notice of a proposed increase in the funding level of the Agency's fiscal year 1979 program in Tunisia, pursuant to section 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2486. A letter from the Attorney General, transmitting his annual report for fiscal year 1978, pursuant to 28 U.S.C. 522; to the Committee on the Judiciary.

2487. A letter from the Comptroller General of the United States, transmitting a report on needed improvements in the Securities and Exchange Commissions efforts to establish a national securities market (FGMSD-79-59, September 19, 1979); jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. KASTENMEIER: Committee of Conference. Conference report on S. 237 (Rept. No. 96-444). Ordered to be printed.

Mr. BENNETT: Committee on Armed Services. H.R. 5163. A bill to authorize the sale to certain foreign nations of certain excess naval vessels (Rept. No. 96-445). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 411. Resolution providing for the consideration of H.R. 5229. A bill to provide for a temporary increase in the public debt limit (Rept. No. 96-446). Referred to the House Calendar.

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 5269. A bill to authorize appropriations for the fiscal year beginning October 1, 1979, for the maintenance and operation of the Panama Canal, and for other purposes; with amendment (Rept. No. 96-447). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOWEN:

H.R. 5329. A bill to establish an improved program for extra long staple cotton; to the Committee on Agriculture.

By Mr. LEWIS (for himself, Mr. McDADE, and Mr. CONTE):

H.R. 5330. A bill to amend the Small Business Act to strengthen significantly the role of small, innovative firms in federally funded research and development, to promote a higher level of innovation and productivity in the Nation's economy; to the Committee on Small Business.

By Mr. FUQUA:

H.R. 5331. A bill to amend the Internal Revenue Code of 1954 to provide a system of capital recovery for investment in plant and equipment, and to encourage economic growth and modernization through increased capital investment and expanded employment opportunities; to the Committee on Ways and Means.

By Mr. GEPHARDT:

H.R. 5332. A bill to amend the Internal Revenue Code of 1954 to allow certain transfers of imported beer from customs custody to a domestic brewery without payment of tax; to the Committee on Ways and Means.

By Mr. JOHNSON of California (for himself, Mr. HARSHA, Mr. HOWARD, and Mr. SHUSTER) (by request):

H.R. 5333. A bill to amend the Urban Mass Transportation Act of 1964 and title 23, United States Code to provide for the authorizations, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. LEVITAS (for himself and Mr. JOHNSON of California):

H.R. 5334. A bill to amend the act of July 31, 1946, as amended, relating to the U.S. Capitol Grounds, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. McDADE:

H.R. 5335. A bill to amend the Internal Revenue Code of 1954 to provide that expenditures by homeowners for energy conservation shall be eligible for a 50-percent residential energy credit, and for other reasons; to the Committee on Ways and Means.

By Ms. MIKULSKI:

H.R. 5336. A bill to acknowledge the respective contributions of Francis Scott Key and Thomas Carr in composing the national anthem; to the Committee on Post Office and Civil Service.

By Mr. RINALDO (for himself and Mr. GUARINI):

H.R. 5337. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 for the purposes of simplifying, clarifying, and improving Federal law relating to the regulation of employee benefit plans, to foster the establishment and maintenance of plans, and for other purposes; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. ROBERTS (for himself, Mr. BREAUX, and Mr. DE LA GARZA):

H.R. 5338. A bill to amend the Federal Water Pollution Control Act to provide for the payment of claims resulting from the oilspill at Ixtoc I, Bay of Campeche, Mexico, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. SEIBERLING:

H.R. 5339. A bill to amend the Internal Revenue Code of 1954 to provide that a taxpayer may, with respect to any pollution control facility used in connection with a plant or other property in operation before January 1, 1971, elect a 12-month amortization of such facility or a 20-percent investment tax credit; to the Committee on Ways and Means.

By Mr. UDALL (by request):

H.R. 5340. A bill to extend certain authorities of the Secretary of the Interior with respect to water resources research and development and saline water conversion research and development programs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CHAPPELL (for himself and Mr. FUQUA):

H.R. 5341. A bill to provide for the wilderness designation of certain lands within the Ocala National Forest, the Osceola National Forest, and the Apalachicola National Forest, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. McDADE:

H.R. 5342. A bill entitled "Equal Access to Justice Act"; to the Committee on the Judiciary.

H.R. 5343. A bill entitled "University and Small Business Patent Procedures Act"; to the Committee on the Judiciary.

By Mr. WILLIAMS of Montana:

H.R. 5344. A bill to designate certain lands of the Beaverhead National Forest as the West Big Hole Wilderness; to the Committee on Interior and Insular Affairs.

H.R. 5345. A bill to prohibit the suspension or limitation of funding of certain fish and wildlife restoration programs during the pendency of certain legal actions relating to environmental impact statements; to the Committee on Merchant Marine and Fisheries.

By Mr. KASTENMEIER:

H.J. Res. 403. Joint resolution designating November 21, 1983, as "Bicentennial of Manned Flight Day"; to the Committee on Post Office and Civil Service.

By Mr. GONZALEZ:

H. Con. Res. 188. Concurrent resolution expressing the sense of the Congress that the President should establish a temporary commission to evaluate damage caused by the oil spill resulting from the blowout of the oil well known as Ixtoc I, situated near the coast of Mexico, and should enter into negotiations to establish an international agreement applicable to determining liability, and obtaining compensation, for environmental damage caused by oil spills at sea; jointly, to the Committees on Foreign Affairs, Merchant Marine and Fisheries, and Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1005: Mr. BENJAMIN.
H.R. 1576: Mr. BONER of Tennessee, Mr. CLEVELAND, Mr. DANNEMEYER, Mr. FLORIO, Mr. FOUNTAIN, Mr. GUYER, Mr. MITCHELL of New York, Mr. NEAL, Mr. SNYDER, Mr. SEBELIUS, and Mr. BUTLER.
H.R. 1577: Mr. BONER of Tennessee, Mr. CLEVELAND, Mr. DANNEMEYER, Mr. FLORIO, Mr. FOUNTAIN, Mr. GUYER, Mr. MITCHELL of New York, Mr. NEAL, Mr. SNYDER, Mr. SEBELIUS, and Mr. BUTLER.
H.R. 1578: Mr. BONER of Tennessee, Mr. CLEVELAND, Mr. DANNEMEYER, Mr. FLORIO, Mr. FOUNTAIN, Mr. GUYER, Mr. MITCHELL of New York, Mr. NEAL, Mr. SNYDER, Mr. SEBELIUS, and Mr. BUTLER.
H.R. 1644: Mr. JACOBS, Mr. ZABLOCKI, Mr. BEARD of Rhode Island, Mr. ANDERSON of Illinois, Mr. DICKINSON, Mr. FITZHIAN, Mr. YATRON, Mr. IRELAND, Mr. CHAPPELL, Mr. ERDAHL, Mrs. HOLT, Mr. JEFFRIES, and Mr. LELAND.
H.R. 1677: Mr. EDGAR and Mr. MARKEY.
H.R. 2191: Mr. FISH.
H.R. 2193: Mr. KILDEE.
H.R. 2644: Mr. BROWN of Ohio.
H.R. 3101: Mr. HUCKABY.
H.R. 3766: Mr. CLINGER.
H.R. 4063: Mrs. CHISHOLM and Ms. HOLTZMAN.
H.R. 4113: Mr. LOTT.
H.R. 4626: Mr. FLORIO.
H.R. 4782: Mr. COELHO, Mr. ROTH, and Mr. WEAVER.
H.R. 5200: Mr. STARK.
H.R. 5218: Mr. CONTE, Mr. EDWARDS of California, and Mr. GARCIA.
H.J. Res. 145: Mr. CONTE.
H. Con. Res. 183: Mr. DERWINSKI, Mr. HUCKABY, Mr. YOUNG of Alaska, Mr. DOUGHERTY, Mr. ROE, and Mr. MURPHY of Pennsylvania.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2171

By Mr. VANIK:

—Page 54, strike out line 15 and all that follows thereafter down through line 8 of page 65 and insert the following:

TITLE III—FARM LABOR PROVISIONS SEC. 301. DEFINITIONS.

For purposes of this title—

(1) The phrase "effective period of this title" means the period beginning on the 30th day after the date of the enactment of this Act and ending at the close of the 1981 sugar supply year.

(2) The term "FLSA" means the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

(3) The term "producer" means a producer of sugar beets or sugarcane for sugar.

(4) The term "Secretary" means the Secretary of Labor.

(5) The term "sugar supply year" has the same meaning as is given to such term in section 201(8).

SEC. 302. WAGE STANDARDS.

(a) RATES.—There shall be paid to persons employed on the farm in the production, cultivation, or harvesting of sugar beets and sugarcane for sugar wages at the following rates:

(1) When employed on a time basis, the rates per hour shall be not less than the following:

(A) In all areas, except Hawaii and Puerto Rico—

(i) \$3.30 for the 1979 sugar supply year; and

(ii) in each of the 1980 and 1981 sugar supply years, the minimum rate required to be paid under this paragraph during the immediately preceding sugar supply year increased by an amount directly proportional to the amount by which the assured return determined under title II for the year for which the rate is being determined under this clause exceeds the assured return for the immediately preceding sugar supply year.

The rates for field equipment operators in countries or parishes where at least 25 percent of the acreage devoted to the production of agricultural commodities is planted to sugarcane or sugar beets shall be not less than 10 percent more than the rate referred to in the preceding sentence for sugar supply year concerned.

(B) In Hawaii and Puerto Rico, the rates required by labor union agreement or Federal or local law.

(2) When employed on a piecework basis, the rates shall be not less than the rates for the 1978 crop as published in the Federal Register of January 10, 1978 (42 F.R. 1476), increased for each sugar supply year beginning after September 30, 1979, in the same proportion as the hourly rates are increased under paragraph (1) of this subsection.

(b) VIOLATIONS.—Any violation of this section, or of any rule or regulation issued to carry out this section, is a violation of section 6 of the FLSA and of paragraph (1) or (2), as applicable, of section 15(a) of the FLSA. In applying this section, the statute of limitations for actions brought under section 6 of the FLSA shall apply to actions brought with respect to violations that are deemed under this subsection to be violations of such section 6.

SEC. 303. EXCESSIVE CHARGES PROHIBITED.

(a) PROHIBITIONS.—No producer may charge, or permit to be charged, directly or indirectly, to any person employed during the effective period of this title on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane any amount in excess of the reasonable cost, as determined by the Secretary, for the furnishing to such person any goods, services, board, lodging, or other facilities customarily furnished to employees engaged in the production, cultivation, or harvesting of sugar beets or sugarcane in the area concerned. The Secretary may determine the fair value of such goods, services, board, lodging, or other facilities for defined classes of employees and in defined areas, based on the average cost to the producer or to groups of producers similarly situated, the average value to groups of employees, or any other appropriate measure of fair value. Such evaluations, where applicable and pertinent, shall be used in lieu of the actual measure of cost in determining whether excessive charges have been made.

(b) REASONABLE COST AND FAIR VALUE.—For purposes of this section, the terms "reasonable cost" and "fair value" shall have the same respective meanings as are applied with respect to such terms by the Secretary for purposes of administering section 3(m) of the FLSA.

(c) VIOLATIONS.—For violations of this section and penalties, see section 309.

SEC. 304. CHILD LABOR.

(a) LIMITATIONS ON EMPLOYMENT.—(1) During the effective period of this title, no individual who is under 14 years of age may be employed or permitted to work on the farm, whether for gain to such individual or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane; unless that individual is a member of the immediate family of a person who was the legal owner of not less than 40 percent of the crop at the time such work was performed.

(2) During the effective period of this title, no individual who has attained age 14 but has not attained age 16 may be employed or permitted to do work described in paragraph (1), whether for gain to such individual or any other person, for a period of more than eight hours in any one day; unless that individual is a member of the immediate family of a person who was the legal owner of not less than 40 percent of the crop at the time such work was performed.

(b) VIOLATIONS.—Any violation of this section, or any rule or regulation issued to carry out this section, is a violation of sections 12 and 15(a)(4) of the FLSA.

SEC. 305. EMPLOYEE PROTECTION.

(a) IN GENERAL.—No person may discharge any employee or otherwise discriminate against any employee with respect to the employee's compensation, terms, conditions, or privileges of employment because the employee (or the Secretary or any person acting pursuant to a request of the employee) has—

(1) commenced, caused to be commenced, or is about to commence or cause to be commenced, a proceeding seeking compliance with any provision of this title;

(2) testified, or is about to testify, in any such proceeding; or

(3) assisted or participated, or is about to assist or participate, in any manner in any such proceeding or in any other action to carry out the purposes of this title.

(b) COMPLAINTS.—(1) Any employee who believes that he has been discharged or otherwise discriminated against by any person in violation of subsection (a) may, within 180 days after such violation occurs, file (or have any person file on his behalf) a complaint with the Secretary alleging such discharge or discrimination. Upon receipt of such a complaint, the Secretary shall notify the person named in the complaint of the filing of the complaint.

(2) (A) Upon receipt of a complaint filed under paragraph (1), the Secretary shall conduct an investigation of the violation alleged in the complaint. Within 30 days of the receipt of such complaint, the Secretary shall complete such investigation and shall notify in writing the complainant (and any person acting in his behalf) and the person alleged to have committed such violation of the results of the investigation conducted pursuant to this subparagraph. Within 90 days of the receipt of such complaint the Secretary shall, unless the proceeding on the complaint is terminated by the Secretary on the basis of a settlement entered into by the Secretary and the person alleged to have committed such violation, issue an order either providing the relief prescribed by subparagraph (B) or denying the complaint. An order of the Secretary shall be made on the record after notice and opportunity for public hearing. The Secretary may not enter into settlement terminating a proceeding on a complaint without the participation and consent of the complainant.

(B) If, in response to a complaint filed under paragraph (1), the Secretary determines that a violation of subsection (a) has occurred, the Secretary—

(i) shall order the person who committed such violation to (I) take affirmative action to abate the violation, and (II) reinstate the complainant to his former position together with the compensation (including back pay), terms, conditions, and privileges of his employment; and

(II) may order such person to provide compensatory damages to the complainant. If an order is issued under this paragraph, the Secretary, at the request of the complainant shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expense (including attorneys' and expert witness fees) reasonably incurred, as determined by the Secretary, by the complainant for, or in connection with, the bringing of the complaint upon which the order was issued.

(c) REVIEW OF ORDERS.—(1) Any person adversely affected or aggrieved by an order issued under subsection (b) (2) may obtain review of the order in the United States district court for the district in which the violation, with respect to which the order was issued, allegedly occurred. The petition for review must be filed within 60 days from the issuance of the Secretary's order. Review shall be in conformity with chapter 7 of title 5 of the United States Code. The commencement of proceedings under this subparagraph shall not, unless ordered by the court, operate as a stay of the Secretary's order.

(2) An order of the Secretary with respect to which review could have been obtained under paragraph (1) shall not be subject to judicial review in any criminal or other civil proceeding.

(d) COMPLIANCE.—(1) Whenever a person has failed to comply with an order issued under subsection (b) (2), the Secretary may file a civil action in the United States district court for the district in which the violation was found to occur to enforce such order. In actions brought under this subsection, the district courts shall have jurisdiction to grant all appropriate relief including, but not limited to, injunctive relief, compensatory, and exemplary damages.

(2) Any person on whose behalf an order was issued under subsection (b) (2) may commence a civil action against the person to whom such order was issued to require compliance with such order. The appropriate United States district court shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such order.

(3) The court, in issuing any final order under this subsection, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such award is appropriate.

(e) VIOLATIONS.—Any violation of this section, or any rule or regulation issued to carry out this section, is a violation of section 15(a) (3) of the FLSA.

(f) EXCLUSIVENESS OF REMEDIES.—The remedies provided for in this section shall apply in lieu of any remedy provided for in section 16(b) or 177 of the FLSA.

SEC. 306. COMPENSATION INSURANCE

(a) REQUIRED INSURANCE.—Producers shall furnish workers' compensation insurance to persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane during the time so employed during the effective period of this title. Such insurance coverage shall be deemed adequate if it meets the requirements of law in States in which such insurance is mandatory, or if it meets such standards as are established by law in States in which such insurance is not mandatory.

(b) VIOLATIONS.—For violations of this section and penalties, see section 309.

SEC. 307. REMEDIES AND ENFORCEMENT.

(a) FOR FLSA VIOLATIONS.—Except as provided in section 325(f), all powers, remedies,

and procedures under the FLSA available to the Secretary or to any aggrieved employee, as the case may be, are available with respect to any act the commission of which is deemed under this title to be a violation of the FLSA.

(b) RESTRAINT OF CERTAIN VIOLATIONS.—The Secretary may seek to restrain, pursuant to section 17 of the FLSA, any violation of sections 303 and 306, and for such purpose the jurisdiction of the United States district courts under section 17 is hereby extended to include any such violation.

(c) ENFORCEMENT POWERS.—For purposes of enforcing the provisions of this title, the Secretary may utilize the powers specified in—

(1) section 9 of the FLSA to compel the attendance of witnesses and the production of books, papers, and documents at hearings and investigations necessary for the enforcement of this title;

(2) section 11(a) of the FLSA to carry out investigations, gather data, and make entries, inspections, and inquiries regarding wages, hours, and other conditions and practices of employment engaged in by any employer subject to this title or to any order issued by the Secretary under this title; and

(3) section 11(b) of the FLSA to use the services of State and local agencies in carrying out the Secretary's duties under this title.

SEC. 308. RECORDS.

(a) IN GENERAL.—Each producer subject to this title shall—

(1) make, keep, and preserve such records of persons employed, and of the wages, hours, and other conditions and practices of employment maintained;

(2) preserve the records referred to in paragraph (1) for such time; and

(3) make available to the Secretary such reports based on such records; as the Secretary shall by regulation require as being necessary or appropriate for the enforcement of this title.

(b) VIOLATIONS.—Any violation of this section, or of any rule or regulation issued to carry out this section, is a violation of sections 11(c) and 15(a) (5) of the FLSA.

SEC. 309. VIOLATIONS OF SECTIONS 303 AND 306 AND PENALTIES.

(a) CIVIL PENALTIES.—Any person who violates section 303 or 306, or any rule or regulation issued to carry out either of such sections, is liable to the United States for a civil penalty of not to exceed \$1,000 for each such violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be—

(1) deducted from any sums owing by the United States to the person charged; or

(2) recovered in a civil action brought by the Secretary in any court of competent jurisdiction.

Any administrative determination by the Secretary of the amount of such penalty shall be final, unless within 15 days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination that the violations for which the penalty is imposed occurred, in which event final determination of the penalty shall be made in an administrative proceeding after opportunity for hearing in accordance with section 554 of title 5 of the United States Code and regulations issued by the Secretary.

(b) CRIMINAL PENALTIES.—(1) Except as provided in paragraph (2), any person who willfully violates section 303 or 306, or any rule or regulation issued to carry out either of such sections, is guilty of an offense and upon conviction thereof is punishable by a fine of not more than \$10,000, or imprisonment for not more than 6 months, or both.

(2) No person may be imprisoned under paragraph (1) except for the violation of

either section 303 or 306, or any rule or regulation issued to carry out such section, committed after the conviction of such person for a prior offense under paragraph (1).

SEC. 310. REGULATIONS.

The Secretary shall issue such rules and regulations as may be necessary or appropriate to carry out the provisions of this title.

Page 33, strike out lines 4 and 5.

Page 33, line 6, strike out "(4)" and insert "(3)".

Page 33, line 8, strike out "(5)" and insert "(4)".

Page 37, between lines 8 and 9, insert the following:

(6) The term "Secretary" means the Secretary of Agriculture.

Page 37, lines 9, 15, and 22, redesignate paragraphs (6), (7), and (8) of section 201 of the bill as paragraphs (7), (8), and (9), respectively.

Page 65, strike out lines 11 and 12 and insert the following:

As used in this title—

(1) The term "Secretary" means the Secretary of Agriculture.

(2) The term "sugar" has the same meaning as is given to such term in section 201(7).

Page 65, strike out lines 17 through 20, inclusive, and insert the following: "sions of titles I, II, and IV, and of any order, rule, or regulation issued to carry out any of such titles. If and".

Page 65, strike out line 25 and line 1 on page 66 and insert the following: "provided for in any of such titles. The remedies provided for in titles I, II, and IV are in addition to, and not exclusive of, any of the".

H.R. 2859

By Mr. KRAMER:

—Page 16, after line 19, insert the following new subsection:

(b) (1) The first sentence of section 103 (d) of the Act is amended—

(A) by inserting "and to the chief elected official or the governing body of the unit of general local government (in any case in which there is no chief elected official) of the locality concerned," after "of the State concerned,"; and

(B) by striking out "him" and inserting in lieu thereof "them".

(2) The last sentence of section 103(d) of the Act is amended by inserting ", or by the chief elected official or the governing body of the unit of general local government (in any case in which there is no chief elected official) of the locality concerned," after "the State concerned" each place it appears therein.

Page 16, line 15, insert "(a)" after "Sec. 2".

—Page 20, strike out line 1 and all that follows through page 32, immediately before line 4, and insert in lieu thereof the following new section:

ASSISTANCE FOR CERTAIN SPECIAL PROGRAMS

SEC. 8. (a) Section 122(a) of the Act is amended by striking out "and" the first place it appears therein and by inserting after "abusers" the following: ", and a program designed to provide personal and group financial counseling to low- and fixed-income individuals, and utilizing volunteers with specialized or technical expertise".

Page 42, beginning on line 2, strike out the dash and all that follows through line 21, and insert in lieu thereof the following: By striking out "and" after "June 30, 1974," and by inserting after "September 30, 1978" the following: "\$42,415,000 for the fiscal year ending September 30, 1980, and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 20, strike out section 8, beginning on line 1 and ending on page 32, immediately before line 4.

And redesignate the following sections accordingly.

Page 40, beginning on line 9, strike out "section 14" and insert in lieu thereof "section 13".

Page 41, line 8, strike out "section 14" and insert in lieu thereof "section 13".

Page 42, beginning on line 2, strike out the dash and all that follows through line 21, and insert in lieu thereof the following: By striking out "and" after "June 30, 1974," and by inserting after "September 30, 1978," the following: "\$42,415,000 for the fiscal year ending September 30, 1980, and such sums as may be necessary for the fiscal year ending September 30, 1981."

Page 21, line 10, strike out "(b) (1) (A)" and insert in lieu thereof "(b) (1); and".

Page 21, line 15, strike out "; and" and insert in lieu thereof a period.

Page 21, strike out line 16 through line 19.

Page 21, line 20, strike out "(b) (1) (A)" and insert in lieu thereof "(b) (1)".

Page 21, line 15, strike out "; and" and insert in lieu thereof "(A)".

Page 22, line 4, strike out "(ii)" and insert in lieu thereof "(B)".

Page 22, line 8, strike out "(B)" and insert in lieu thereof "(2)".

Page 22, line 11, strike out "(i)" and insert in lieu thereof "(A)".

Page 22, line 16, strike out "(ii)" and insert in lieu thereof "(B)".

Page 22, strike out line 20 and all that follows through page 23, line 11.

Page 23, line 13, strike out "subsection (b) (1) (A)" and insert in lieu thereof "subsection (b) (1)".

Page 24, beginning on line 8, strike out the dash and all that follows through line 12, and insert in lieu thereof the following: "carry out any Urban Volunteer Corps project or activity under subsection (b) (2)".

Page 24, line 21, strike out "subsection (e) (1)" and insert in lieu thereof "subsection (e)".

Page 25, strike out line 1 and line 2, and insert in lieu thereof "by paragraph (1) through paragraph (4) of subsection (e)".

Page 25, line 3, strike out "(e) (1)" and insert in lieu thereof "(e)".

Page 25, line 8, strike out "(A)" and insert in lieu thereof "(1)".

Page 25, line 11, strike out "(B)" and insert in lieu thereof "(2)".

Page 25, line 13, strike out "(C)" and insert in lieu thereof "(3)".

Page 25, line 15, strike out "(D)" and insert in lieu thereof "(4)".

Page 25, strike out line 17 and all that follows through page 26, line 2.

Page 26, line 10, strike out "subsection (e) (1)" and insert in lieu thereof "subsection (e)".

Page 26, beginning on line 15, strike out "and Good Neighbor Fund programs".

Page 27, line 1, strike out "subsection (b) (1) (A) (ii)" and insert in lieu thereof "subsection (b) (1) (B)".

Page 27, strike out line 8 and all that follows through page 28, line 12.

Page 28, line 13, strike out "(i)" and insert in lieu thereof "(h)".

Page 42, line 4, strike out "\$12,000,000" and insert in lieu thereof "\$9,120,000".

Page 22, beginning on line 21, strike out "\$15,000," and all that follows through "year," on line 24, and insert in lieu thereof "\$5,000."

Page 23, line 24, insert before the period the following: ", and that such designation has been approved by the Governor or other chief executive officer of the State involved".

Page 24, line 3, insert "Governor or other chief executive officer of the State involved and the" after "assure that the".

Page 24, line 4, strike out "has" and insert in lieu thereof "have".

Page 24, line 14, insert "Governor or other chief executive officer of the State involved, and to the" after "to".

Page 24, line 18, insert "the Governor or other chief executive officer of the State involved, and by" after "approved by".

Page 24, line 22, insert "the Governor or other chief executive officer of the State involved, and by" after "submitted by".

Page 24, line 23, insert a comma after "authority".

Page 24, line 24, insert "the Governor or other chief executive officer of the State involved, or" after "statement that", and insert ", as the case may be," after "authority".

Page 25, after line 2, insert the following:

"(3) In any case in which any project or activity specified in paragraph (1) is begun in any jurisdiction of an urban area, the Director shall order the termination of such project or activity if a written request for such termination is submitted to the Director by the executive authority of such jurisdiction. The Director shall order such termination not later than 30 days after such request is submitted to the Director, or at such time after the submission of such request as may be agreed upon by such executive authority and the Director."

Page 32, immediately before line 4, insert the following new section (and redesignate the following sections, and any references to such sections, accordingly):

POLITICAL ACTIVITIES

SEC. 9. Section 403(a) of the Act is amended by inserting after the first sentence thereof the following new sentence: "Any recipient of Federal financial assistance under this Act may not use funds from any source for any purpose described in the preceding sentence during the period for which such Federal financial assistance is available for use by such recipient."

Page 32, line 6, insert "(a)" after "Sec. 9."

Page 32, line 17, strike out "and".

Page 32, line 20, strike out the period and insert in lieu thereof "; and".

Page 32, after line 20, insert the following: "(4) In the last sentence thereof, by striking out 'The' and inserting in lieu thereof 'Subject to the provisions of subsection (c) of this section, the'."

(b) Section 403 of the Act is amended by adding at the end thereof the following new subsection:

"(c) (1) The rules and regulations issued in accordance with the last sentence of subsection (b) shall provide that, if the Director determines that there has been a violation of the provisions of this section, and the violation is the first such violation committed by the agency, organization, or person operating or administering the program involved, then the Director shall issue a written notice to the agency, organization, or person which requires the agency, organization, or person to correct the violation."

"(2) If the violation involved is the second such violation committed by the agency, organization, or person, then the Director shall suspend any further assistance under this Act for the operation of the program until such violations have been corrected."

"(3) If any further violation is committed by the agency, organization, or person in connection with the operation or administration of such program or activity, then the Director shall terminate any further assistance under this Act for the operation of such program or activity."

Page 32, line 12, strike out "partisan".

Page 32, line 17, strike out "and".

Page 32, line 20, strike out the period and insert in lieu thereof "; and".

Page 32, after line 20, insert the following new paragraph:

(4) by adding at the end thereof the following new sentence: "Such rules and regulations shall provide that any volunteer who intentionally violates any provision of this section shall not be permitted to continue serving as a volunteer in any program assisted under this Act."

Page 32, line 17, insert after the second comma appearing therein the following:

(3) any activity carried out in connection with any rulemaking or regulatory proceeding conducted by any governmental entity.

Page 32, line 19, strike out "(3)" the first place it appears therein and insert in lieu thereof "(4)".

Page 32, line 20, strike out "(4)" and insert in lieu thereof "(5)".

Page 32, after line 20, insert the following:

(4) by inserting after the first sentence thereof the following new sentence: "Any recipient of Federal financial assistance under this Act may not use funds from any source for any purpose described in the preceding sentence during the period for which such Federal financial assistance is available for use by such recipient."

Page 32, after line 20, insert the following new section (and redesignate the following sections, and any references to such sections, accordingly):

LABOR AND ANTI-LABOR ORGANIZATION

SEC. 10. Section 404(d) of the Act is amended by adding at the end thereof the following new sentence: "Any recipient of Federal financial assistance under this Act may not use funds from any source for any purpose described in the preceding sentence during the period for which such Federal financial assistance is available for use by such recipient."

Page 33, after line 1, insert the following:

Sec. 10. (a) Section 404 of the Act is amended by adding at the end thereof the following new subsection:

"(h) (1) Except as provided in paragraph (2), the Director shall not have any authority—

"(A) to assign volunteers to any private organization under title I;

"(B) to make grants to, or enter into contracts with, any private organization under title I; or

"(C) designate any private organization as a lead agency under section 133;

unless such private organization has been in existence for at least one year before any such action is taken by the Director.

"(2) The provisions of paragraph (1) shall not apply to any private organization in any case in which such organization is operating, or intends to operate, any Good Neighbor Fund project under section 132(b) (2)".

Page 33, line 2, strike out "Sec. 10. (a)" and insert in lieu thereof "(b) (1)".

Page 33, line 13, strike out "(b)" and insert in lieu thereof "(2)", and strike out "subsection (a)" and insert in lieu thereof "paragraph (1)".

Page 30, beginning on line 2, strike out "have been in existence for at least one year before such designation," and insert in lieu thereof "be designated in accordance with section 404(h)".

Page 41, line 16, strike out "\$873,000" and insert in lieu thereof "\$829,350".

Page 41, line 20, strike out "\$3,200,000" and insert in lieu thereof "\$3,040,000".

Page 41, line 23, strike out "\$2,200,000" and insert in lieu thereof "\$2,090,000".

Page 42, line 5, strike out "\$42,415,000" and insert in lieu thereof "\$40,294,250".

Page 41, line 16, strike out "\$873,000" and insert in lieu thereof "\$829,350".

Page 41, line 20, strike out "\$3,200,000" and insert in lieu thereof "\$3,040,000".

Page 41, line 23, strike out "\$2,200,000" and insert in lieu thereof "\$2,090,000".

Page 42, line 5, strike out "\$42,415,000" and insert in lieu thereof "\$40,294,250".

Page 42, line 14, strike out "\$12,000,000" and insert in lieu thereof "\$11,400,000".

Page 42, line 14, strike out "\$12,000,000" and insert in lieu thereof "\$5,000,000".

Page 42, beginning on line 15, strike out "and such sums as may be necessary for the fiscal year ending September 30, 1981."

—Page 42, line 14, strike out "\$12,000,000" and insert in lieu thereof "\$7,000,000".

Page 42, beginning on line 15, strike out "and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 42, line 14, strike out "\$12,000,000" and insert in lieu thereof "\$10,000,000".

Page 42, beginning on line 15, strike out "and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 27, line 3, strike out "\$180,000,000" and insert in lieu thereof "\$500,000,000".

H.R. 3580

By Mr. DASCHLE:

—Page 27, line 3, strike out "\$180,000,000" and insert in lieu thereof "\$500,000,000".

H.R. 4034

By Mr. DORNAN:

—Page 49, line 13, insert "(1)" after "(b)".
Page 49, insert the following after line 20:

"(2) Any person who is issued a validated license under this Act for the export of any good or technology to a controlled country

and who, with knowledge that such a good or technology is being used by such controlled country for military or intelligence-gathering purposes fails to report such use to the Secretary of Defense, shall be fined not more than the sum equal to the amount of profit accrued from the sale of the item or imprisoned for not more than ten years, or both. For purposes of this paragraph, "controlled country" means any Communist country as defined in section 620(f) of the Foreign Assistance Act of 1961."

Page 49, line 20, strike out the closed quotation marks and final period.

(To the amendment offered by Mr. PREYER.)

—Immediately after "Sec. 114" strike all that follows and insert in lieu thereof the following: "Nothing in this Act shall be construed as authorizing the withholding of information from Congress, and all information obtained at any time under this Act or previous Acts regarding the control of exports, including any report or license application required under this Act, shall be made available upon request to any committee or subcommittee of Congress of appropriate jurisdiction. No such committee or subcommittee

shall disclose any information obtained under this Act or previous Acts regarding the control of exports which is submitted on a confidential basis unless the full committee determines that the withholding thereof is contrary to the national interest."

H.R. 4970

By Mr. MINISH:

—On page 2, line 14, strike out "\$5,000" and insert in lieu thereof "\$2,000".

On page 3, line 1, strike out "\$7,500" and insert in lieu thereof "\$3,000".

On page 3, line 2, strike out "\$5,000" and insert in lieu thereof "\$2,000".

(Amendment to amendment No. 1 to text of H.R. 4970 by Mr. OBEY.)

—In paragraph 1 of subsection 320(i) as proposed by the amendment, strike out "\$6,000 (but not more than \$5,000 for one election)" both times it appears and insert in lieu thereof "\$2,000".

In paragraph 2 of subsection 320(i) as proposed by the amendment, strike out "\$9,000 (but not more than \$5,000 for one election)" both times it appears and insert in lieu thereof "\$3,000".

EXTENSIONS OF REMARKS

THE HISTORY OF ALCOHOL FUELS

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. DASCHLE. Mr. Speaker, Hal Bernton has written an excellent article about Henry Ford and the history of alcohol fuels, which appeared in the August 5, 1979, issue of the Washington Post as well as the August 22, 1979, issue of the Omaha World Herald.

In that same issue of the World Herald, Al Frisbie wrote an article about the Omaha Alcohol Plant, which produced alcohol during the 1940's.

I recommend both these articles to my colleagues, and that the Frisbie article and excerpts from the Bernton article be inserted in the RECORD:

[From the Omaha World Herald,
Aug. 22, 1979]

1930'S DEPRESSION GAVE AGROL BOOST

(By Hal Bernton)

The oil industry met its strongest challenge during the 1930s.

Leading the charge was William Jay Hale, a chemist for Dow Chemical Co., who had been educated at Miami University of Ohio and Harvard, and then went to Berlin, Germany for some advanced training.

Hale was particularly fascinated by agriculture and the prospects of using farm products to create energy and chemicals for the industrial world.

After several years of research, he wrote a magazine article, "Farming Must Become a Chemical Industry," outlining his emerging philosophy, which he chose to call "chemurgy."

While other Americans were enjoying the Roaring Twenties, Hale was warning of the dangers of overproduction on the nation's farms.

One of the best solutions, Hale believed was to send the crops to the distillery for the production of alcohol fuels.

He wrote that such an arrangement would provide a huge market for crops, enrich the farmer and the general economy, and also provide a wealth of raw materials for industrial America.

With Henry Ford's generous financial support, Hale in 1926 founded the "power alcohol movement" to challenge the oil industry.

Hale dreamed of a day when international trade would be kept to a minimum, with each nation growing most of what it needed.

He was convinced that failure to harness agriculture to this great task would result in the collapse of the American economy.

GRIM PROPHECY

In his magazine article, Hale made a grim prophecy for American agriculture—a prophecy that was fulfilled after the stock market crash in 1929.

Farm prices plunged to new lows, and the nation sank into the Great Depression.

Although farmers were able to produce bumper crops, they couldn't get more than 25 cents a bushel for wheat, 7 cents for corn and a dime for oats.

Cotton was selling for a nickel a pound.

Beef sold for less than 3 cents a pound.

But even before the crash, Hale's call for the creation of new industrial markets for farm crops found plenty of support in the agricultural community, and also sounded good to Henry Ford.

In the early 1920s, Hale believed that cars one day would be made primarily from agricultural products.

With that idea in mind, he hired Dr. Edel Ruddiman, a boyhood friend and chemist, to research the development of plastics from soybeans.

POWER STRUGGLE

In 1935, Ford helped finance Hale's First Annual Joint Conference on Agriculture, Industry and Science.

Before the 300 chemists who attended the conference in Dearborn, Hale described his power alcohol concept.

A reporter wrote: "The introduction of this subject into the chemurgic program was the spark that produced the most stormy sessions."

"They actually became struggles for power between two groups—the present suppliers of fossil power (petroleum) and the agricultural leaders who proposed that farmers should again supply at least a part of the raw material . . . in internal combustion engines."

In July 1936, Hale published a book, "Prosperity Beckons," in which he proclaimed the imminent arrival of the "alcohol era."

He declared all-out war on the oil industry, which he denounced for selling the "poison-spreading gasoline." He believed that gasoline usage caused cancer.

He denounced the suggestion that the United States import oil from abroad, demanding to know "what self-respecting nation would permit its fuel problem to be laid in the hands of foreigners."

KANSAS PLANT

By the time Hale's book was published, his power alcohol movement already had gathered momentum in the Midwest.

The Chemical Foundation financed the remodeling of an old distillery at Atchison, Kan., and set up the Agrol plant under the direction of Leo Christenson, a Chemical Foundation scientist.

The Agrol plant produced alcohol from a mixture of barley, rye, corn, grain, sorghum, Jerusalem artichokes and blackstrap molasses.

Agrol's vigorous advertising campaign helped sales to increase rapidly.

By maintaining a large volume of sales, Agrol was able to earn a slim profit selling alcohol at 25 cents a gallon.

By 1938, about 18 million gallons of grain alcohol (ethanol) were distributed to 2,000 independent service stations which marketed blends of 10 percent alcohol and 90 percent gasoline.

However, service stations owned by the major oil companies rarely touched the stuff.

In the early '30s it looked as though the power alcohol movement was really taking off.

In Washington, there was growing support for several legislative bills that would mandate the nationwide sale of alcohol-gasoline fuel.